

Business India

THE MAGAZINE OF THE CORPORATE WORLD

October 17-30, 2022

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Business India

The alcohol business, since independence has had to live and grow under a broad cloak of government disapproval. Classified, along with tobacco as a 'sin product' it has been subject to rigid licensing regulations in almost every state and heavily taxed. Prohibition exists in many states. And it is difficult for many youngsters to believe, but still continues technically, even in Mumbai! There is a bar on advertising both in print and on TV, which makes it difficult to build brands. And on top of it all, state level politicians in practically all states, have regularly milked the industry for large cash payments. The official term that government uses is the curious and amusing 'Indian Made Foreign Liquor' (IMFL).

But the general public does not have the same attitude to alcohol. Consumption has been growing from year to year. And in India, like in most of the world, the drinks and alcohol business is a growing and legitimate business. In the environment we have in India, the alcohol business has been growing away from the public gaze. Most companies have been private or very closely held public companies, often with a focus on regional markets only.

The IMFL category, as opposed to that for 'country liquor' (another curious bit of officialese) broadly covers spirits like whisky, rum, vodka, brandy and liqueurs and beer and wines. It is this market which has been corporatised. And as in other industries a few companies are emerging as the market leaders. The UK giant Diageo, which has taken effective control of United Spirits from Vijay Mallya, is the largest IMFL company in India. France based Pernod Ricard is the second-largest.

The third-largest, which is fully Indian-controlled, is Allied Blenders and Distillers. This company has been built almost singlehandedly by Kishore Chhabria into a formidable force in the industry with its Officer's Choice brand becoming the largest selling brand, by volume, in the world. Those who remember business history will remember Kishore Chhabria as the younger brother and partner of Manu Chhabria, who fought many a takeover battle. But over the last 20 years, Kishore has worked assiduously in building his own liquor empire.

Kishore Chhabria, for a while has chosen to play a non-executive role, with professional management fully in control. That is very important for the long-term future growth of the company.

It is a big step forward that Kishore Chhabria has chosen to list Allied Blenders and Distillers. This is the first major alcohol listing in years. Its size shows that the alcohol business has come of age in India. While the company is still small compared to all the giants in the pharma or IT space, it shows that the industry has a sound legitimate footing with a strong professional management. It can become a big business like any other. It will offer investors one more 'choice investment'. As consumption grows in India, the industry will grow. And with a successful listing, the company can easily spread its wings in India, and even overseas.

Ashok H. Advani

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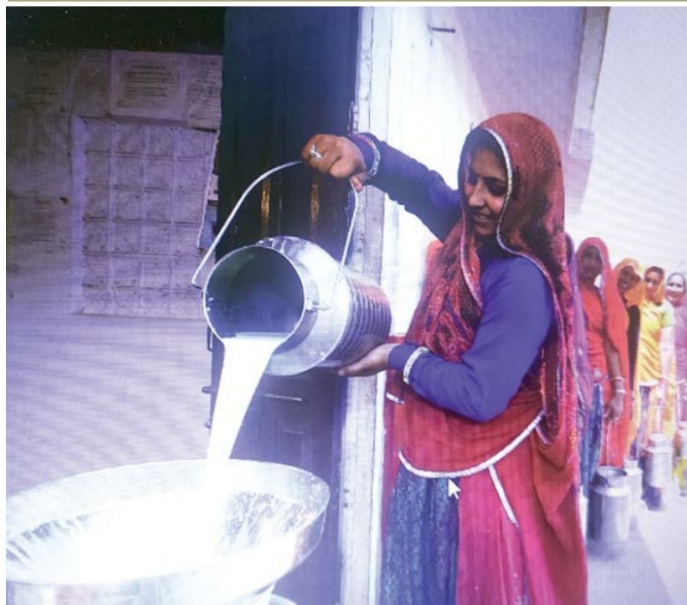


COVER PHOTOGRAPH BY
SANJAY BORADE



SANJAY BORADE

FOCUS



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The country may be witnessing the beginning of an explosive growth spell in dairy business

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Murugesh R. Nirani, large and medium industries minister, Karnataka is in the thick of action. He has been holding roadshows to generate interest in the upcoming Global Investors Summit 2022. He talks about the Summit and the opportunities the state offers

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Clinching the FTA

The Scotch-for-visas deal requires flexibility



The Diwali deadline for the India-UK FTA has come and gone. In an economically and geopolitically volatile world, it was foolhardy for Boris Johnson, the former UK premier, to declare the deadline and for India to nod in agreement that it will be met. With the Diwali deadline for clinching the FTA now out of the question, it is being said that negotiators will have quality time to ensure that they get a win-win deal for both the sides. Though the temptation of having an FTA that can double bilateral trade to \$100 billion by 2030 is indeed great, this is easier said than done.

For the UK, going in for an FTA at this stage will be contingent upon when the political turmoil that is gripping the nation and the recession that is knocking on the doors of its economy settles down. As far as India is concerned, one needs to remember that it has just opted out of the trade pillar of the Indo-Pacific Economic Framework, for being out of sync with issues such as flow of data and data localization, along with labour and environment standards. This was after Prime Minister Narendra Modi agreed to formally join the 14-member IPEF launched by the US President Joe Biden on the sidelines of the Quad meeting. Some of these issues will come up in the India-UK FTA too. Indeed, the tricky issues that still need greater clarity are duty cuts for Scotch and wines, e-commerce, government procurement and the new areas, such as environment and labour.

Of late, internal consultations in the department of commerce have been stepped up to understand how much compromise and adjustments will be politically acceptable. Greater market access for Scotch and other alcoholic beverages is a key area of interest for the UK. For India, it is visas for our professionals, entrepreneurs and students. Suella Braverman, the home secretary in the ill-fated Liz Truss government, almost threw a spanner in the FTA by saying that she had concerns about having an open borders migration policy with India, as Indians formed the largest group of 'over-stayers' in the UK. The UK should realise that our bilateral trade is dominated by services, which make up about 70 per cent of the overall annual commerce and so there is a need to be conciliatory on this score.

Another sticky point in the negotiations is the tough rules of origin for alcoholic drinks. While the UK is pushing for relaxed rules of origin for its liquor industry, India wants 40 per cent domestic value addition for any such items to be eligible for concessional duties. India should settle for a phased reduction of the hefty 150 per cent import duty on alcoholic beverages, if it gets attractive counter-offers. As for the 40 per cent value addition, the UK is worried that if it becomes the benchmark, then only Scotch makers will be able to fulfill this condition for concessional access to the Indian market. Many other British liquor items may fail on this front, given the integrated nature of the supply chain where raw materials are sourced from other countries. Such a criterion will also make it tough for the Indian liquor industry to be able to supply their products to the UK as well. So, just junk this condition.

India will have to be accommodating to a degree as the UK is the largest supplier of beverages, spirits and vinegar to India, having accounted for 34 per cent of our total purchases until August this fiscal. Still, the purchases remain way below potential due to the high duty incidence. This shows how much Indians crave for a good tippie -- and are willing to pay for it. India should not totally succumb to the pressure of our IMFL makers, who mostly make cheap stuff, which leaves a bad hangover.

Besides, early this year, India and Australia signed a trade deal under which New Delhi pledged to allow high-end wine from Australia (beyond a price threshold) at concessional duties. This had raised expectations that similar concessions might be granted to the UK as well. As part of its interim deal with Australia, New Delhi will allow Australian wine that costs \$5-15 per 750 ml at a concessional duty of 100 per cent initially from the current 150 per cent. The tariff will be cut by 500 basis points annually for 10 years and finally kept at 50 per cent. Similarly, the import duty on wine beyond \$15 per 750 ml will be reduced to 75 per cent immediately; it will then be cut by 500 basis points annually for 10 years to be kept at 25 per cent.

Why have two yardsticks now? ♦

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Scaling Up

India has to accelerate growth to double digit levels steadily

Diwali is one feelgood festival celebrated across India. Irrespective of how the earlier year has been, Diwali always ushers in hopes and expectations that the coming period will be much better than the earlier one. This time the government has something more to be happy about. Compared to global economies the growth in GDP, at 7 per cent, is better. Indeed, the growth is the highest amongst all major countries in 2022 and probably in 2023. The other countries are still reeling from the slowdown impact on the one hand, and rising inflation cost due to the rise in crude and disruption in supplies of gas on the other. The ongoing war in Ukraine is also a big concern.

India is fortunately somewhat better off than other countries, having being able to diversify its crude import basket by buying crude from Russia. Some good policies by the government during and post the Covid period have undoubtedly helped. Especially on the manufacturing front where we have successfully diversified our product basket to take advantage of the China +1 strategy. Despite the concerns of a higher trade deficit and the slide in the value of rupee vis-à-vis the strengthening dollar, the score card for the economy is in the top median.

Hopes about reining in inflationary trends by early next year have also perked up sentiments amongst domestic investors who have been happy to play bull to the retreating FIIs who have collectively sold a little under ₹2.7 lakh crore shares since last Diwali. Domestic investors, especially the new ones, have taken the investor tribe to more than 10 crore, not to forget those investing indirectly through mutual funds and insurance companies.

Investors are taking a long-term view and riding volatility in an enviable manner. Unlike traders who are happy with and gloat over small gains and try to churn their limited capital, India cannot afford to be complacent over a 7 per cent GDP growth, this year. Even if it does, as experts say it is standing like an oasis in the global desert which is bereft of growth.

While some happiness is called for one does not have to go overboard. If anything, the government has to use this 'good feel' factor and create opportunities for accelerating growth to at least 9-10 per cent. It has to work towards this goal even if it takes 5 years or more. Though there will undoubtedly be a big hue and cry as to whether the economy can sustain

such year-on-year growth. Elephants cannot run, they may well say and if they are coaxed to do so, some damage will be inevitable.

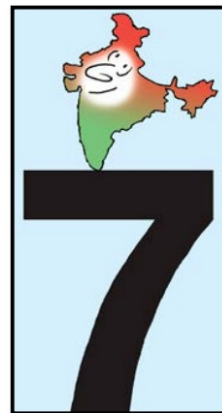
One way is allow companies to scale up to global size. India does have a few desi multinationals like Reliance Industries, Tata Steel, Hindalco, ONGC, Indian Oil, some Indian Railway units and UPL; the numbers are few and certainly not more than a handful. If it aspires to be the manufacturing hub of the world, it has to create conducive climate for the private sector to scale up. The government should allow Indian PSUs to also venture overseas. Currently, it is only the petroleum sector which has assets overseas. Give wings to PSUs and they will also fly high. There is no reason for state-owned companies, not just banks, not to be allowed to grow in other countries.

Funding of overseas acquisitions as also the growing demand internally will require a steady pool of funds. Merely having one State Bank of India or HDFC or ICICI or Axis is not enough. India will soon require more banks of global scale for meeting the additional demand of the Indian corporate sector (including MSMEs). Given the sentiments in global markets with asset prices in Europe in declining mode, Indian companies will again start looking at growing through M&A overseas. Indian banks have already started off a fund mopping-up exercise. HDFC Bank is proposing to raise ₹10,000 crore, post the merger with HDFC. Kotak Mahindra Bank is planning to raise funds for the property sector. Other banks likewise will be following suit. But this is not enough. India should allow more private banks to grow to global scale. While there may have been valid grounds for refusing corporate houses entry into banks a few decades ago, these grounds are no longer valid. There are enough regulatory checks and balances to prevent misuse of funds.

India does not have to only grow in the manufacturing sector. IT services are doing great in the service sector but the changing environment in the country to ought to encourage the growth of more platform based companies: more knowledge based enterprises, hi-tech companies which can give India the edge in robotics, AI and analytics, machine learning or marine engineering.

To grow in a dynamic world where future-ready sectors become redundant very fast, India has to be agile in order to spot opportunities. ♦

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Eye on Kharge

Impact may be felt in Karnataka



Many commentators have been dismissive of the phlegmatic Mallikarjun Kharge's expected elevation as the president of the Congress party and his runaway victory over the loquacious Shashi Tharoor. Kharge, who was Leader of the Opposition in Rajya Sabha, is the fall-back choice of the Gandhi family as the initial plan to install another loyalist, Ashok Gehlot, unraveled when the CM of Rajasthan orchestrated a major revolt of his supporting MLAs against the Gandhi family's plan of getting Sachin Pilot, his *bête noire*, to replace him. The Gandhis had to eat the humble pie. Yet even as a default candidate, Kharge could turn out to be a wise choice, provided the Gandhis let him run the show.

Kharge is being described as a popular Dalit leader with a consistently clean image at best and a loyalist of the Gandhi family keeping the seat warm for one of the scions at worst. While it may be too early to talk of his abilities, Congressmen should welcome him because he has promised a collegiate form of functioning. Also, his election, however imperfect it may seem, may set a trend which other parties may be forced to follow. The fact that he is the first non-Gandhi to head the Congress in the last 24 years, is itself a positive, given the bane of our dynasty-driven politics. As president of the largest opposition party, he can reach out to other opposition groups traditionally uncomfortable in dealing with the Gandhis. Indeed, his ability to build a consensus both within his party and outside will matter.

Can he also make a difference to the Congress party's electoral fortunes in the near future? Of the two states going to the polls in the coming months, the Congress has a tough mountain to climb in Gujarat, thanks partly to the emergence of Aam Aadmi Party which will cut into its votes. As for Himachal Pradesh, the BJP is trying its best to beat the anti-incumbency. It is in the round of assembly elections next year that Kharge's skills will be tested. Of these states, it is in Karnataka, where the BJP faces serious anti-incumbency, that Kharge may leave his mark.

In Indian politics, where tokenism still matters, the choice of a Dalit could help counter the BJP's decision to prop up a tribal, Draupadi Murmu, to the post of President of India.

And Dalit voters account for 23 per cent of the electors in Karnataka. Kharge, the second politician from Karnataka to occupy the Congress president's post after the veteran leader S Nijalingappa, has so far shown that he is a sober politician not given to shooting off his mouth. Given the tacit blessings of the Congress' first family, he will draw the support of the party's rank and file. His presence in fact could help paper over the differences between Siddaramaiah, former chief minister, and D.K. Shivakumar, the state party president, both of whom are eyeing the CM's post in the event of a Congress victory.

If the Gandhis are serious about wresting back the state from the BJP, the Karnataka election should be fought under his overarching leadership. He seems to have the right credentials, having got elected as member of the Karnataka Legislative Assembly nine consecutive times (1972-2008) and twice to the Lok Sabha (2009 and 2014) from Kalaburagi constituency. Kharge has gathered vast experience as a minister in six different governments in the state and also as Union Minister in the Manmohan Singh government. He played a major role in granting of special status to six districts of the Kalyana Karnataka region under Article 371J of the Constitution during the UPA-II government. Till then, all political parties over the past four decades were pleading the Centre to confer special status to the backward region.

Though he emerged as a front runner for the chief minister's chair in the state in 1999 and 2004, he missed getting the post. He was the Leader of the Opposition in the State Assembly twice (1994 and 2008) and was president of the Karnataka during 2005-08. It was during his tenure that Congress won the largest number of seats against the then ruling coalition BJP and JD(S).

Karnataka has in the past sprung many a political surprise. When Indira Gandhi had her back to the wall, she got a political reprieve in the Chikmagalur by-election in 1978. So did Sonia Gandhi in Bellary where she bested Sushma Swaraj in her 1999 electoral debut. A relative non-entity from the state like H.D. Deve Gowda became prime minister. Who knows what rabbit Kharge may now pull out of the hat?

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Tatas frontrunners?

Will Tata Motors invest in or buy out Britishvolt, the UK battery Unicorn? The British company, which is ambitious of being the leader in battery technology in the UK, is building a giga-factory in Northumberland, to be ready in less than two years. It has contracted to supply batteries to UK sports car-makers like Lotus and Aston Martin. But, unfortunately, it is cash-strapped and feared to run out of cash by the end of the year. And, many of the financial investors it was talking to have taken fright after the current turmoil in the UK markets. It is believed that Tatas are said to be negotiating a significant minority stake or even a full takeover, as it is a good fit and would immediately give Tatas a front seat in the race, along with Chinese companies, to produce batteries. It could also save several years of efforts and investment, besides securing a long-term source for its own requirements.

Adding value

Danfoss has announced its intent to acquire German compressor manufacturer Bock GmbH from Nord Holding GmbH. With over 50 years of history and assets under management of €2.5 billion, Nord Holding is one of the leading private equity asset management companies in Germany. Developing compressors for the natural refrigerant CO2 since 1993, Bock is a global technology leader in the field of environmentally-friendly, economical compressors. By acquiring Bock GmbH, Danfoss has taken a proactive approach to further the development and use of low-GWP refrigerants to

help abate global warming and ensure the competitiveness of the industry. Since Danfoss' parent has acquired Bock from a PE fund and Danfoss and Bock have India-based manufacturing set-ups, a new important company is expected to grow in India.

Thrust on digital campaigns

Polycab India Limited (PIL), India's largest manufacturer of wires and cables and one of the fastest-growing, fast-moving electrical goods (FMEG) companies, is also a market leader in the organised wire and cable sector, with market share of 22-24 per cent. According to one source, the demand environment has continued to remain encouraging for the wire & cables business, with domestic distribution-driven business continuing to see strong traction. The housing wires, sources indicate, posted strong growth, led by continued momentum in real estate and renovation activities, as well as demand generation initiatives. Exports business was also twice as of last year, led by strong demand from sectors, such as oil & gas, renewables and infrastructure, globally. PIL continues to focus on distribution expansion, with greater thrust on digital marketing campaigns. During the quarter ended June 2022, wires & cables saw a strong top-line growth of 48 per cent year on year, led by healthy channel sales. The company is now looking at new product development, getting approvals and penetrating new geographies. It has now launched new products mainly focussed on premium and underserved segments in fans (15



items) and lights (62) respectively and has implemented ambitious BharatNet II programmes in Gujarat and Bihar. It has also bagged BharatNet initiative by Tamil Nadu FibreNet Corporation (Tanfinet), under Package A at a cost of ₹509 crore, to deploy 16,500 km of fibre network.

Nice takeover?

The UK-based Standard Life Aberdeen, when it was a mutual fund, had a large stake in HDFC Life, HDFC Asset Management and HDFC itself. The stakes have gradually been sold down. As Abrdn, the new name for Standard Life Aberdeen, continues to sell down its valuable shares to continue funding its dividends, when it is losing money! Currently, the market cap of Abrdn is less than ₹3 billion, despite having assets under management of over ₹500 billion. HDFC Asset Management alone has a market cap higher at over ₹4 billion! Wouldn't it be a nice big takeover by Deepak Parikh, as he prepares to exit the merged HDFC group next year!

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Sharmeelee Bala, chief information officer (CIO), **JCPenney** (JCP), was in India recently. With over 25 years of IT engineering experience supporting retail business in multiple domains, JCPenney is the shopping destination for diverse, working American families. It offers a broad portfolio of fashion, apparel, home, beauty and jewellery from national and private brands and provides personal services including salon, portrait and optical. Bala is proficient in engineering and, at JCP, she is responsible for the information technology (IT) of the organisation and global technology systems that power the company's stores, operational centres and supply chain, and corporate functions. "India is an amazing place for talent," Bala said, talking about the company's plans in India. "And we know we are in competition for the right talent. Overall growth plan includes 500 plus associates and contractors to be added. There's a 100 plus open positions right now. And, we have a minimum of 25-30 per cent growth over the next 1-2 years." Bala leads the development of solutions to unite JCP's physical assets with its evolving digital footprint. Earlier, Bala was with Gap Inc, where she held leadership positions since 2018 and, most recently, served as the head of product engineering. Bala has also spent 20 years with Walmart in a number of technology and executive roles of increasing responsibility. ♦



BASF has broken ground on its new Polyurethane Application Development Laboratory in Mumbai. The new lab will house state-of-the-art applications equipment in a 2,000 sq m space. To be inaugurated in 2024, the lab will strengthen collaboration with Indian customers from high-growth industries, including consumer appliances, construction, footwear, furniture, and transportation. This will help drive innovation with customers alongside the 'creation centre', located at BASF's Innovation Campus in Mumbai. "India is one of the fastest growing markets for BASF in the Asia-Pacific," said **Krishnamohan Narayan**, managing director, BASF India Limited & head, BASF group of companies in India. "The new lab reinforces our commitment to strengthening our product development capabilities and providing fast and advanced technical service for our customers. The investment will enable us better address customer needs for a diverse range of industries". Polyurethanes are used extensively in automotive, construction, and consumer applications and in collaboration with leading brands. For example, moulded flexible polyurethane foam is the backbone of automotive seating and an essential component of user experience in modern vehicles. Manufacturers of moulded polyurethane foam need high-quality products, constant innovation, and access to a broad selection of raw materials to meet the stringent requirements of OEMs. BASF's lab helps tests these foams for comfort, performance, emission reduction, and productivity. ♦



Clove Dental, of Star Dental Centre Pvt Ltd, is one of the largest networks of multi specialty dental clinics

dedicated to providing high quality dental care. Since its inception in 2011, the brand has been persistent in its tunnel vision and ardently striving to offer global standards of dentistry. Clove is a one stop destination for all dental needs. Right from minor procedure like fillings to complicated ones like full mouth rehabilitations, Spread across 350+ clinics, Each clinic is equipped with technologically-advanced equipment with focus on hygiene, sterilization and painless dentistry. Backed by a team of over 800

dentists, Clove, headquartered in Delhi, manages an excess of 30,000+ patients every month. It has conducted over 1.1 million treatments in the last 10 years. "At Clove Dental, we represents a new standard altogether in dental care with emphasises on quality, convenience and transparency," says **Vimal Arora**, chief clinical officer, Clove Dental. "Clove's dentists use the most advanced dental technology and consumables, procured from the world's best suppliers, to ensure the highest quality of care". ♦



Driven by a passion for technology, **SCS Tech** provides customised services and innovative solutions.

With presence in India, Singapore and Dubai, this company founded in 2010, enables its global customers achieve digital transformation and provide smart product solutions with its tech consulting, bespoke solutions, as well as professional services. Its products and services are spread across the important spheres of digital space like enterprise solutions, software applications, cyber security, data analytics, IT infrastructure, resource management, to name a few. SCS has completed multiple turnkey projects in India, Singapore and Dubai and aims to place itself

as a key player in bringing digital transformation across the globe. "We enable clients across the globe to navigate their digital journey with integrated technology models, business intelligence, and next-gen tech expertise to catalyze change," says **Pratik Ghosh**, AVP, SCS Tech. "Our pragmatic approach to technology with agile methodologies helps deliver unprecedented levels of solutions, service performances and customer delight. Having innovation at the heart of the business culture, SCS practices transforming businesses digitally and strategically". ♦



CABT Logistics, founded in 2018 with the vision of creating excellence in the field of logistics services, is a trusted partner in the sphere

of warehousing and transport logistics. CABT's logistics platform serves businesses across multiple industrial sectors like restaurants, pharmacies, online grocers, offline and online retail commerce, local vendor, banks and telecom. With vision to provide a safe, affordable, and stress-free logistics, the ₹200 crore company has created an active network of more than 20,000+ trusted delivery personnel and 15,000+ active pin codes, which are projected to reach 20,000+ by the end of this year. Building the last mile network of the future, CABT

is delivering about 30 million shipments per month. CABT has recently announced to invest \$8 million to set up micro-fulfilment centres across India. The company is operating LMD for big names like DHL, Maersk, IKEA, Amazon and Flipkart. "At CABT, we help businesses in reducing redundancies, optimising supply chains and boosting profitability in a competitive business environment," says **Shailesh Kumar**, founder, CABT Logistics. "From picking to transportation, we offer tech-based tailor-made solutions to our clients". ♦



Škoda Auto Volkswagen India Private Limited (SAVWIPL), which manages the Indian region of the five Volkswagen group brands – Škoda, Volkswagen, Audi, Porsche and Lamborghini -- has announced another significant milestone in its exports programme with the start of the shipment of the 'made-in-India' Škoda Kushaq lhd (left-hand-drive) -- a landmark achievement, as the Kushaq is the first-ever locally-built Škoda model to be exported from India. The first consignment of Kushaq lhd SUVs is headed to Arab Gulf Cooperation Council (AGCC) countries. Earlier this year, SAVWIPL had commenced the export of India 2.0 cars with the Volkswagen Taigun SUV, followed by the Volkswagen Virtus sedan in September. "It's a proud moment for the team in India that a Škoda model has joined the group's export line-up," said **Piyush Arora**, MD, SAVWIPL, commenting on the occasion. "The Škoda Kushaq is the third 'made-in-India' car to be exported this year, and we are happy that the group's endeavour to 'engineer cars in India to be driven by the world' is experiencing remarkable success. The market acceptance and success of all our exports highlight our global quality standards. The Kushaq is built in line with our customers' requirements in India and globally, and we are confident that this stylish, well-equipped, robust and engaging-to-drive SUV will open doors to new markets and regions for SAVWIPL." ♦

Prateek Saxena, founder & CEO, **Hygge Energy**, was recently in Mumbai to share the company's plans for India. With more than 30 years of experience in the energy sector including HPCL, ExxonMobil and Ontario Power Authority, Hygge was incubated at Tech Mahindra's internal entrepreneurship programme in the years 2015-17 – a \$4.9 billion endeavour. Since 2018, Hygge Energy has been incubated in and supported by MaRS Discovery District, Canada. Hygge Energy India is mainly focussed on the EV charging business and its platform enables tracking, measurement, optimisation, allocation, accounting and trading of renewable energy for EV charging. Facilitated



by the Hygge Box, a proprietary customer-premises IoT device that leverages embedded blockchain and machine learning-based AI, supported

by a next-gen mobile app that, in addition to scheduling and booking EV charging, tracks payments as well as carbon credits earned by users each time they utilise Hygge's network. This will open up access to an \$8 billion carbon trading market for EV charging. "We have five ongoing projects in Canada and India, and two completed projects, one each in Canada and the UK", informed Saxena. Hygge has done projects for Indian Oil Corporation and is also talking to other PSU oil companies, corporates and electric vehicle manufacturers. Their main focus is to support three-wheeler EVs. "Going forward, the cargo and last-mile delivery segment EVs have a huge potential in India", added Saxena. ♦



AMD launched Ryzen 7000 Series Desktop processors powered by the new 'Zen 4'

core architecture. The event was organised in partnership with leading OEMs including ASUS, MSI, Gigabyte, and ASRock. During the event, AMD and third parties provided examples of real-world comparative data based on various benchmarks and gaming tests for the new Ryzen 7000 Series Desktop processors demonstrating excellent performance and, at the same time, leadership energy efficiency. The company also discussed with enthusiasts to hear more about AMD's next generation of high-performance

CPUs for gamers, enthusiasts, and content creators. "AMD is all about pushing the envelope on innovation, with our new AMD Ryzen 7000 Series, the world's first 5nm desktop processors," said **Srinivas Reddy**, country head, channel sales & distribution, India & SAARC, AMD, addressing the audience. "We want to deliver powerhouse performances for gamers and content creators. We are happy to showcase how AMD has exceeded its goals for 'Zen 4', and how this is benefitting our users." ♦



Bolstering its commitment to the MSME sector further, **Indian Bank** last fortnight signed a Memorandum of Understanding (MoU) with **Ashok Leyland Ltd**, a leading manufacturer of commercial vehicles with a network over 1000 dealers, for financing to the MSMEs. The move would provide easy credit

access to existing MSMEs and aspiring entrepreneurs for purchasing Commercial Vehicles, thus, adding impetus to their business development objectives. The MoU was executed by **Narendra Kumar Sharma**, General Manager (MSME), Indian Bank and **Neelakanthan C**, General Manager (Finance), Ashok Leyland Ltd

at the bank's corporate office, Chennai in the presence of **Imran Amin Siddiqui**, Executive Director; **Maresh Kumar Bajaj**, General Manager (TMO/BPR/MKTG/CCD/Digitization); and **Sujay Mallick**, General Manager (Corporate Credit) and Field General Managers of Indian Bank were also present on the occasion. ♦



According to **Mark L. Vorsatz**, global chairman & chief executive officer, **Andersen**, the global tax, valuation and financial advisory firm, his company is planning to scale up its operations in India to tap emerging opportunities and will have at least 10 per cent of growth in its global headcount from India. The US-based Andersen group will set up a new firm, Andersen Consulting, to provide advisory services in emerging fields, such as business management and strategy, technology, cyber security, business transformation and talent hiring in India and other countries. Tele-medicine, education and cyber security are major areas of growth in Indian industry, Vorsatz feels. Andersen Consulting, will also tap into the pool of Indian professionals, he adds. Vorsatz sees an unparalleled opportunity in India. "India has been a high growth market for us," he acknowledges, adding that the organisation had seen strong growth in markets like Nigeria too. "I used to say that, if I had to spend a dollar, I would spend it in New York City. Today, if I have a dollar to spend, I would spend my first dollar in Silicon Valley and my second dollar in India. Because the demographics and the growth potential of the economy here in India are unparalleled in the world," Vorsatz admits. The co-operation between India and the US and geopolitical factors are also favouring India. ♦



Nissan Motor India has announced its association with the International Cricket Council (ICC) for the seventh

successive year, as the official sponsor of the ICC Men's T20 World Cup 2022 to be held in Australia from 16 October to 13 November, with the Nissan Magnite as the Official car of the event. Commenting on the announcement **Rakesh Srivastava**, MD, Nissan Motor India, said, "Nissan is delighted to continue our successful association with one of the most loved sporting events in the world as the official sponsor, with Nissan Magnite as the official car of the event. The Nissan Magnite continues

to be the preferred choice of vehicle for customers in India and across 15 export markets and is the natural choice for the official car of the event". Nissan will also promote the ICC Men's T20 World Cup 2022 virtual trophy tour during the event, where fans can access it virtually through a 3D Augmented Reality (AR) filter on the official Facebook and Instagram pages for the event. Fans can use this filter to get creative and take control of the tour, taking the trophy (virtually) wherever they like. ♦

The festive season is in full swing in India, and the country is all geared up to celebrate, after the long Covid-induced break. To sweeten the deal for the customers during this festival season, **Tata Hitachi** has announced a nationwide three-day event called 'Orange Utsav'. Orange resonates with Tata Hitachi's brand colour. This event will be held on the 18, 19 and 20 October at all of Tata Hitachi's dealerships to promote the products and after-sales support offerings to the customers. The event will also host an exhibition where



Tata Hitachi machines, parts, and attachments will be on display. The Orange Utsav will also usher in prosperity to customers with assured gold with every

purchase of a machine or an attachment. The scheme's benefit value will differ depending on the order value. "Tata Hitachi has launched the 'Orange Utsav' nationwide for the first time," remarks **B.K.R. Prasad**, Head - Marketing & Product Development. "This marketing initiative aims to prep the customers for what's ahead during this festive season. This is a major buying season and Tata Hitachi's 'Orange Utsav' will make buying more joyful for the customers. We hope this will be a rewarding experience for both our customers and us." ♦

Beauty and skincare

Cosmoprof India's recently concluded conference and show in Mumbai highlighted some interesting elements of the industry



Cosmoprof India 2022 provides a platform for up-and-coming brands

Cosmoprof International, based in Italy, represents a platform for the beauty community with its shows across the world, including India. It offers business tools and new networking opportunities to over 500,000 professionals and 10,000 exhibitors worldwide with players from local and international markets, representing Europe, the Middle East, the Far East, and other neighbouring countries. The 2022 edition consisted of over 300 renowned brands from 12 countries who took part in the show. The Italian Trade Agency (ITA) brought 15 Italian companies while Investment NSW's 9 companies showcased some of Australia's most innovative brands from the skincare, wellness and nutraceuticals industry.

"We are excited to be back in Mumbai with Cosmoprof India. Thanks to its exclusive business tools and its highly performing initiatives, Cosmoprof India 2022, for the first time in conjunction with Cosmopack India, provides a unique overview of new launches and avant-garde innovations presented by both finished product brands and companies of the supply chain. The synergy between Cosmoprof and Cosmopack India can

facilitate networking opportunities as well as the development of new projects adapting to trends and consumer habits in the region. We really wish our attendees and exhibitors enjoy the excitement and curiosity which are characterising the beauty industry in India today," highlights Gianpiero Calzolari, President, BolognaFiere Group.

Major categories India's beauty and personal care market is estimated to be \$24.53 billion in 2022 and is expected to reach \$33.33 billion by 2027, growing at a CAGR of 6.32 per cent. It has five major categories – body care, face care, hair care, hand care and colour cosmetics. The growing trend in the cosmetics industry in India due to demographic growth, improving socio-economic standards and large-scale development of digital and manufacturing sectors has resulted in a booming demand for cosmetic products which are no longer restricted to metro and mini-metro urban centres, but also in rural areas. There are a number of home-grown brands that offer natural and organic products.

"Cosmoprof India is ideal for the rapidly evolving beauty market space,

representing exhibitors from across the country. This year, we are excited to host the third edition of Cosmoprof India at an even grander scale with participation from over 300 companies, both homegrown and international, from the beauty and nutraceutical sector. This year's edition also marks the debut of Cosmopack India, a B2B show for the beauty supply chain which will host international and domestic companies – from raw materials and labs to private label, contract manufacturing, and packaging. We are also providing a platform for up-and-coming brands to exhibit their curations to a wider range of audiences," said Yogesh Mudras, Managing Director, Informa Markets, India.

Over 7,500 pre-registered attendees – retailers, brands, salons & spas from leading international companies – from the EU, Europe, USA, India and neighbouring countries participated at the event. Prestigious speakers and dignitaries discussed market trends, compliance issues, new products, approaches to sustainability, and the latest treatments and novelties of the industry.

"These are encouraging times for the beauty market as people are not hesitating in coming out and spending money on beauty products. The pandemic certainly impacted business as physical salons couldn't function, but now consumer confidence is coming back especially with the festive season coming up. We are in the premium or in the prestige segment which has been accepted by the Indian consumer. Going forward, there will be a huge explosion in the beauty industry, especially with the growth of social media and the internet. Currently, we operate around 20 salons and will be looking at adding another 10 to 15 in the months to come, and hence a trade fair like Cosmoprof will certainly help us network with the relevant professionals from the industry," said Samir Srivastav, CEO of JCB (Jean Claude Biguine) Salons India.

In addition to the event, a prestigious jury of experts from all over the world selected the best in beauty in India among the exhibitors of the 2022 edition and Cosmoprof awarded suitably. ♦

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DoT vs. TRAI

Draft Telecom Bill lands in controversy

The draft Indian Telecommunication Bill 2022, released by the Department of Telecom for public comment, is aimed at reforming existing telecom laws and regulations, and making them 'future ready'. But it has already generated a wide range of opinion and its share of controversy.

The bill's import also appears to be deliberately wide – with an intent attempt to regulate any modes of communicating or disseminating information or news to the public, whether by broadcast or by traditional means of communication. Privacy advocates aver that it adds layers of licensing and registration to an industry already plagued by a multi-approval regime. This runs directly contrary to the Government's objective of, 'less government, more governance' and is likely to cause further unease for those intending to, or doing business in India. If implemented in its current form, the Bill would reintroduce a licensing regime akin to the Licence Raj, they say.

The bill dilutes TRAI's powers, granting the government the power to deal with unwanted ads and promotional messages. It also requires broadcasting licences to be granted under the same telecom framework, thus far handled by Ministry of Information & Broadcasting. If the bill becomes law, the TRAI will no longer be able to submit recommendations relating to the terms and licence conditions for service providers or suggest revocation of a licence for failure to comply with licensing terms. A furious TRAI now plans to write to the Prime Minister's Office against DoT's attempts to encroach upon its terrain, according to reports.

TRAI, however, gets the power to decide on predatory pricing, thus far with Competition Commission of India, whereas several provisions overlap with Ministry of Information Technology's powers under the Information Technology Act.

While streamlining of multiple provisions proves helpful for the industry, relevant inter-departmental consultations



The bill allows the government to direct suspension of transmission

should be concluded so as to remove overlap in laws, and achieve the government's objectives without internal constraints. This is particularly important as telecom operators are also subject to other frameworks in the pipeline by other agencies, such as the Digital India and Data Protection Bills.

Stifling innovation?

Telecom services and telecom networks in India have been broadly defined by the bill, clubbing entertainment related broadcasts that do not offer a conduit or platform for communication with messaging platforms. Critics say this is akin to considering cable television providers and FM radio services to be providers of communication, rather than ratify the traditional distinction of broadcasters from intermediaries who provided communication platforms.

The bill requires OTT communication services – which are essentially Internet-based apps/ software – to obtain telecom licences and thereby bring them under the telecom framework. Given the dynamic and multifaceted nature of Internet-based services, it is felt that subjecting them to a telecom licensing regime with criminal penalties could stifle innovation or even isolate the Indian market (for e.g., an interactive gaming service may choose

to stop offering the interactive feature, or the game itself in India due to threat of criminal penalties for not having a license). The immediate cause for alarm is the attempt to bring over-the-top communication services like WhatsApp, Telegram and Google Duo within the realm of regulation.

It gives the government a wide expanse of shutdown and surveillance powers. The bill allows the government to direct suspension of transmission of messages or provision of telecom networks or services. These powers are much wider than the currently existing framework on internet shutdowns and interception, and include directions for interception and disclosure of data and suspension/ surveillance of messages 'relating to any particular subject'.

Of course, there are some positives in the bill, which have been acknowledged by representatives of the industry. For instance, it brings clarity on spectrum assignment by affirming the government's authority to assign spectrum, with or without auction, and declares common good and access to telecom services as the objective for spectrum assignment. This may put to rest the old debate on whether spectrum assignment should maximise government's revenue or enhance access to telecom services, and enable smoother and optimum assignment of spectrum.

The bill removes several redundant penalties (such as trespass in telegraph office); imposes a quantum of penalties based on severity; and introduces settlement of offences by payment of fines, and voluntary undertaking. This would augment ease of doing business and considerably reduce the threat of criminal prosecution for operational issues faced by telecom operators. Provisions on notification (not approval) for M&A deals, and having statutory basis and guidelines for Right of Way, while laying down infrastructure would further enable ease of doing business in the sector.

"In keeping with the recent trend of reformative policy making by the government, this draft bill is another milestone step to develop a modern and future-ready legal framework in telecommunication," remarks S.P. Kochhar, DG, Cellular Operators Association of India. ♦

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Wheat export boom

Public stocks hit by free-grain scheme



Should the government import wheat for replenishing public stocks?

Despite a ban of sorts, India exported double the quantity of wheat in the first five months of this financial year compared with the same period in 2021-22. India exported 4.35 million tonnes of wheat during April-August 2022-23, which was 116.7 per cent more than the exports in the corresponding months last year, according to Department of Commerce data.

Exports were boosted by the Russian invasion of Ukraine in late February, which led to a major spike in demand for Indian wheat. Exports in April touched 1.47 million tonnes, more than 500 per cent higher than the 242,000 tonnes exported in April last year. After the ban announced on 13 May, exports for that month fell to 1.08 million tonnes, which, however, was still 164 per cent higher than the 408,000 tonnes exported in May 2021.

The ban on wheat exports came amid a lower wheat output of 106 million tonnes, lower procurement (18.7 million tonnes compared to 43.3 million tonnes last year), and rising domestic prices. The lower output was due to unseasonal heat waves triggered by climate change in March, which scorched swathes of the nascent crop.

However, two kinds of shipments were allowed: exports based on permission granted by the Centre to other countries 'to meet their food security needs' and 'on the request of their governments'; and contracted exports against which irrevocable letters of credit had already been issued.

For 2022-23, the government lowered wheat purchase down by 50 per cent of what was bought the previous year and the lowest in 13 years. Sudhanshu Pandey, Union food secretary, admitted that this sharp decline was due to huge buying by private players who saw an opportunity in exporting the product. India faced a similar situation during the 2008 global food crisis but managed to weather the storm due to the APMC food stock reserves.

The upshot of this development is that prices of wheat and wheat flour in the domestic market have increased significantly of late. Retail cereal inflation is at 11.5 per cent. Price data on the Department of Consumer Affairs website show the all-India daily average retail price of wheat flour at ₹36.23 per kg on 15 October, which was 18 per cent higher than the price a year ago (₹30.7 per kg).

More alarmingly, there are reports

that the public stocks are getting depleted. This is being attributed to the steady diversion of food grains to the free-grain Pradhan Mantri Garib Kalyan Anna Yojana scheme, which has now been extended till December.

Limited options

While rice stocks are comfortable, there is uncertainty over production in Uttar Pradesh, Bihar, Jharkhand and West Bengal. Even Punjab and Haryana have reported crop damage from incessant rains, the extent of which will be known only as the procurement season, already delayed, progresses. In short, the Food Corporation of India's grain mountain has shrunk to levels where stocks are quite precarious.

The options for replenishing the wheat stocks are limited, as farmers are yet to commence wheat sowing and the next crop will not arrive in the mandis before late-March. Nor are imports commercially viable; the landed cost of even the cheapest wheat from Russia will be above ₹30 per kg. The only import that is possible today is on government account. There are suggestions that the government should import 2-3 million tonnes of wheat for replenishing public stocks and undertaking open market operations to keep a lid on prices.

India exported wheat to 44 countries in April — the most (335,000 tonnes) to Bangladesh and the least to the UK (2,000 tonnes). The number of national export destinations fell to 31 in May (Bangladesh was again on top), and sharply thereafter following the ban. India exported wheat to 11 countries in June 2022, only five countries in July (Indonesia, Bangladesh, Korea, the UAE and Angola), and eight in August (Bangladesh, the UAE, Indonesia, Sri Lanka, Afghanistan, Malaysia, Taiwan and Bhutan). Indonesia emerged as the top buyer of Indian wheat in the months after the ban. Of the 1.8 million tonnes of wheat exports in this period, about 7 million tonnes went to Indonesia. In the five-month period from April to August, Indonesia has been the No. 2 export destination for Indian wheat, after Bangladesh (806,000 tonnes and 1.11 million tonnes respectively). ♦

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Pharma blot

Gambia child deaths link to local cough syrup



The WHO tested the samples to discover 'unacceptable amounts' of DG and EG, which damage the kidney and liver

India's pharmaceuticals industry accounts for over 20 per cent of the global supplies by volume. It was earning the reputation of being the pharma factory of the world. But the recent episode of the deaths of 66 children in Gambia due to 'sub-standard' cough syrups sold by Haryana-based Maiden Pharmaceuticals has brought upon considerable reputational damage to India's pharma industry.

Worse still, WHO also stepped into the picture, issuing a statement that linked the deaths to an Indian factory. The WHO tested the samples to discover 'unacceptable amounts' of diethylene glycol (DG) and ethylene glycol (EG), which damage the kidney and liver.

Surprisingly, for a government which remains extra-cautious about its global image, the Health Ministry initially argued that the connection between the contaminants and the unfortunate deaths in Gambia is yet to be established – this, despite the fact that the firm has a dubious track record and its products have been identified by states such as Gujarat, Kerala and Bihar as sub-standard. Vietnam too had banned its products in 2014. Yet, it has carried on producing and exporting medicines for years.

India has now sought more information from the WHO on the deaths in

Gambia. V.G. Somani, Drugs Controller General of India, said in his letter to the UN body, that the clinical features and the treatment received by children, as shared by the WHO, so far are inadequate to determine the cause.

He said that the Health Ministry had constituted a committee of technical experts who had held a meeting. The team has sought details of initial illness; signs and symptoms; duration of anuria in the cases; results of laboratory investigations conducted, including various markers and parameters; specific investigations for ethylene glycol and diethylene glycol on clinical samples of the patients and treatment received before and after hospitalisation at the tertiary hospital in Gambia.

"The reasons thereof, the names and brands of the drug formulations used in the treatment before and after hospitalisation, their manufacturers, their expiry and any other relevant information in each of the cases are necessary," he said in the letter. He has also noted that, in case a verbal autopsy was conducted, a detailed report of the same may be shared by the WHO. The Ministry said that they need more information on the number of stool samples collected and analysed, the number of children with a similar clinical presentation to acute kidney injury from whom the biological

samples were collected and details of the test method adopted for testing of samples.

Industry experts fear that this episode and such an official approach will once again turn the global spotlight on its regulatory practices. It will provide those who want to tarnish all of India's pharma producers with the same brush with the excuse they are looking for, while helping the West erect unreasonable non-tariff barriers in the name of meeting 'standards'.

The Haryana government should act

Therefore, India should set misgivings at rest by conducting a thorough probe into this case. It should recall Maiden's products from other markets. The contamination should be traced back to solvent suppliers of propylene glycol to pharma producers; it was in these supplies that DG and EG were found and subsequently not tested for the same by the pharma producers. The solvent supplies should be traced to other pharma buyers and recalled. The Haryana government should act along these lines.

Cough syrup deaths have been reported in India in early 2020, which implies that regulation all-round needs to be better. On paper, the process of a state issuing a licence cannot really be faulted. The producer needs to spell out every detail of the process. The Drugs & Cosmetics Act spells out a 10-year jail term for adulterated drugs and a fine of ₹10 lakh as punishment. The trouble is that the drugs inspection authorities do not follow up on whether these processes are observed, or turn a blind eye to violations. They are short staffed as well. This shortcoming should be addressed. In the case in point, it is curious that the earlier lapses of the firm have not been placed in the public domain. In a digitised scenario, coordination between drug control authorities is not a tall ask. At present, exporters are issued an 'import-export code' on the basis of a manufacturing licence. It will not be a bad idea to have separate export certification norms for LDCs, which have weak regulatory systems. They can also deploy pre-shipment checking systems, as Nigeria has done so that Indian pharma's practices are above board. ♦

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'Walk a fine line'

India should not rely on any one side, while opening its markets to foreign investment

Prime Minister Narendra Modi's most important foreign policy relationship in coming years is likely to be with President Xi Jinping, who will be renewed as China's supreme leader for a third five-year term at a Chinese Communist Party (CCP) congress in mid-October. This is a watershed moment for Xi, 69, who is often compared with modern China's founder Mao Zedong in terms of power and prestige. Like Mao, he could remain as supreme leader for life. This is raising concern in India and the West, because his two previous terms starting in 2012 have been marked by forceful assertiveness in foreign policy.

It will be a difficult relationship for Modi because Xi has shown no remorse for several border clashes with India during those years, including a bloody clash at the Ladakh frontier two years ago, in which 20 Indian soldiers were killed. Modi has snubbed him since and is steadily reducing China's business footprint in India. He did not meet Xi at the Shanghai Co-operation Organisation's summit last month, although he met Russian President Vladimir Putin.

Xi is a genuine strongman, who has brought the faction-ridden CCP to heel and now rules with an iron fist. This is probably a good thing in a country as diverse as China, where governance has been notorious for fiefdoms and corruption. Xi is at the pinnacle of a tough authoritarian CCP system, where his orders are fearfully obeyed.

Modi may be no less a strong man than Xi but is hamstrung by India's democratic system, where elections happen somewhere almost each month. Xi's continuance in power would not have been such a significant issue for Modi, were it not for Xi's very tense and deeply divisive diplomatic and economic conflicts with US President Joe Biden. Since Modi is leaning heavily towards Biden for financial, economic and security collaborations, he is trapped by Biden's icy attitude towards Xi and Xi's disdain for the American. Biden is trying to undermine China's growing military and economic power and Xi is determined to resist and riposte.

The problems for Modi stem from America's low-grade economic war against China for the past four years, marked by high import tariffs, export controls, investment curbs and visa refusals. Former President Donald Trump started this warfare, but Biden has intensified it significantly.

Biden's latest actions in early October demonstrated that he is determined to stymie China's



BRIJ KHANDARIA

technological growth, regardless of the costs to allies and friends, including India. His administration cited national security imperatives to place fresh curbs on US exports to China of advanced semi-conductors, chip-making equipment and supercomputer components.

The new element is extra-territorial enforcement. That means any non-American enterprise will be severely punished through financial penalties, if it exports anything in those domains to China, even when manufactured outside the US, if they include American technology or components.

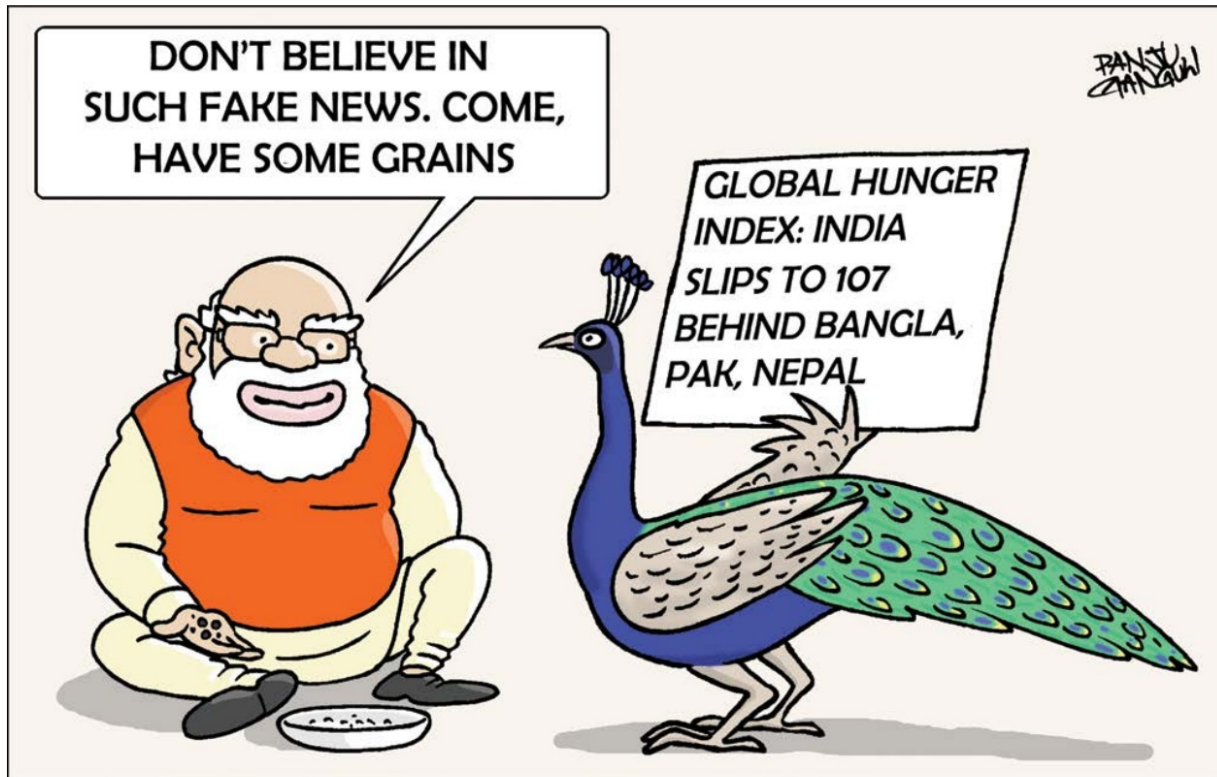
Thus, Indian companies will get hammered, if they export anything to China that Washington might construe as thwarting its tough new focus on undermining Chinese technological capabilities to prevent erosion of US leadership. Washington imposed the curbs without consulting other governments, because its desire to weaken China is greater than concerns about diplomacy. The trend in Washington is towards even harsher measures against China, with extensions into other key sectors like finance, biotech and manufacturing.

Biden seems determined to slow China's technological rise, even if US consumers and other nations like India face supply disruptions or higher costs. In effect, advanced semi-conductors from any country will be denied to Chinese companies. But Modi cannot be comfortable with this trend, despite his anger at China's hard line towards Indian border issues and Beijing's military partnership with Pakistan.

For India's economic security, Indian enterprises need business partnerships with Chinese companies and need China's markets for expansion. So, it would be unwise for Delhi to stand alongside Washington in Biden's economic war with Xi. Among other things, it would slow the development and application of artificial intelligence (AI) and affect Indian progress in many leading edge areas, including autonomous vehicles, cyber-security, medical imaging, drug discovery, climate modelling and e-commerce.

Amid this morass of American anxieties about China, Modi will have to walk a fine line to build better business opportunities for Indians in China, without attracting US sanctions. He is opening Indian markets to foreign investment, but it may not be advisable to rely too heavily on the US, while minimising Chinese investments, as he has tended to do in recent years. ♦

The author is an international affairs columnist for Business India. He can be contacted at brijkk@gmail.com



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MUKESH AMBANI
Chairman & MD, RIL



MADHABI PURI BUCH
CHAIRPERSON, SEBI

On a new high



SANJAY BORADE

"Please don't interview me, talk to the professional management team," says Kishore Rajaram Chhabria who built Officer's Choice as the country's third largest whisky brand and Allied Blenders and Distillers (ABD) Limited as a major liquor company to reckon with. "I have passed the baton on to professionals now," says 67-year-old Chhabria who ventured into the liquor business with his elder brother the late Manohar alias Manu, by taking over Shaw Wallace & Company in 1987.

Much water has flowed into the Bay of Bengal as well as the Arabian Sea since then. The Chhabria brothers fell out, Kishore walked out with ABD which was earlier acquired by Shaw Wallace. "All that is history now," says Kishore when asked about the last 35 years. Now he says: "Let us look to the future." ABD today has emerged as the largest Indian-owned IMFL (India Made Foreign Liquor) company and the third largest IMFL company in India, in terms of annual sales volumes between Fiscal 2014 and Fiscal 2021, as per a Technopak Report. The biggest is United Spirits now controlled by UK giant Diageo. And the second largest is the French controlled

Pernod Ricard. Three of the company's brands – Officer's Choice

Whisky, Sterling Reserve Whisky and Officer's Choice Blue Whisky – have achieved the rare distinction of 'millionaire brands' selling millions of cases of liquor. ABD's

revenue from operations stood at ₹6,378.78 crore for Fiscal 2021, and profit after tax at ₹2.51 crore. For the nine months ending December 2021, revenue from operations stood at ₹5,444.98 crore and profit after tax at ₹3.30 crore. Its revenues from export sales were ₹133.55 crore for Fiscal 2021 and ₹113.24 crore for the nine months ended 31 December, 2021.

Basu: ABD has stayed invested in the mass-premium segment

After the runaway success of Officer's Choice, Allied Blenders and Distillers Limited has a target to be the 'Investors' Choice' as well

Leading the pack

ABD's top selling whisky brand, Officer's Choice, launched in 1988, rose to the top of the Indian market with sales of 25.12 million cases in Fiscal 2016. Officer's Choice franchise, including Officer's Choice Whisky and Officer's Choice Blue, bettered its performance by selling of 34.15 million cases in Fiscal 2016. Its flagship brand Officer's Choice Whisky franchise has been among the top selling whisky brands globally in terms of annual sales volumes, as opposed to value, between 2016 and 2019. Officer's Choice Whisky franchise including Officer's Choice Blue was ranked third among the largest selling whisky brands globally in 2020. Officer's Choice Whisky is the market leader in the popular segment also known as the mass premium segment in India with a market share of 23 per cent in terms of annual sales volumes in Fiscal 2021.

ABD's product bouquet has 10 brands of IMFL with five brands of whisky, two brands each of rum and brandy and one brand of vodka. "The company has grown organically and its maiden brand Officer's Choice has been a runaway success," says Shekhar Ramamurthy, Executive Deputy Chairman, ABD, who moved to the company from United Breweries Limited of which he was the managing director.

"ABD has stayed invested in the mass-premium segment with Officer's Choice," says Bikram Basu, Vice President – Marketing, Strategy and Business Development, who came to the Chhabria fold having spent 6 years with United Spirits, and 14 years with Pernod Ricard India. "We understand that consumers aspire to every segment and it is imperative to give them a good quality, consistent, well-packaged product," he says and explains



Ramamurthy: brand has to be relevant to consumer

the multi-pronged strategy saying "as we premiumise for product and value, we also stay focused on mass premium." This keeps ABD at the entry gate to a world of branded alcohol for new consumers coming into legal drinking age, of a relatively lower income or from country spirits.

"The fully Indian-owned company grows as premiumisation happens and ABD targets the country liquor audience, offering them entry level, yet constantly improvised, well designed packs," explains Ramamurthy. ABD listens to its consumer and treats him with respect and that is one of the core values that the company imbibes. Asked if packaging matters, he says: "Design has to be contemporary for any consumer product. Haven't we been noticing changes in packaging

of toothpastes to detergents, chocolates and biscuits? Brand has to be relevant to the consumer of the day which explains why some brands which were big 30 years ago are no longer so," he adds.

"ABD has, in the past year, improved Officer's Choice Whisky to blend some Scotch with best quality Indian grain spirits. Scotch does enhance product attributes and betters our ability to inbound more consumers or retain them for longer cycles. This thinking for Officer's Choice has made the brand one of the largest whiskies in the world for many years now," says Basu.

ABD has transitioned from an exclusive popular segment play in the whisky category to one with launches in both the prestige and premium categories. Officer's Choice Blue whisky, its offering in the prestige segment, sold one million cases in the first year of its launch in 2011 and is among the leading whisky brands in its segment in several Indian states with an overall peak share of 8.4 per cent in Fiscal 2020 by sales volume. It touched sales of 8 million cases within four years of its launch in 2015-2016. Officer's Choice Blue whisky is the fifth largest whisky brand in India in the prestige segment, also known as the deluxe segment.

ABD entered the premium segment in 2017 with its twin offerings Sterling Reserve Blend 10 and Blend 7 which also crossed one million cases in the first year of launch. In calendar year 2019, Sterling Reserve was the fastest growing spirits brand globally by volume, at a growth rate of 131 per cent. Sterling Reserve was the fastest growing spirits brand by volume in India in Fiscal 2021 with 2 per cent growth. Sterling Reserve Blend 7 is the third largest selling brand in the premium

FINANCIALS (in ₹ crore)

	FY19*	FY20*	FY21*	Period from 1st April 2021 to December 2021*
Total Income	8946.85	8135.61	6397.81	5452.57
Profit Before Tax	34.16	0.41	12.74	4.59
Total Expenses (excluding finance cost and depreciation)	8629.88	7885.56	6184.81	5293.97
Profit After Tax	15.2	12.7	2.5	3.3

* As per the Restated Consolidated Statement in the DRHP



Allied Blenders & Distillers

whisky segment by volume in India in Fiscal 2021. ABD is also the top exporter of IMFL from India with close to 20 per cent share in overall exports from India by volumes in Fiscal 2021, according to the Technopak research report.

As per Technopak Report, the flagship brand Officer's Choice Whisky has been among the top selling whisky brands globally in terms of annual sales volume between calendar year 2016 and 2019, before Covid and the lockdown impacted the world.

Awards and accolades

The products have received various recognitions over the years. For example, Officer's Choice Whisky received the Wines Beers and Drinks Awards in 2018 for the world's largest selling whisky; Sterling Reserve Premium Whisky the Spiritz Award in 2019 for the fastest growing whisky brand and the Wines Beers and Drinks Award in 2018 in a similar category. Officer's Choice Brandy received the IndSpirit Award in 2018 for the best popular brandy; Sterling Reserve Blend 7 Whisky was given the IndSpirit Award in 2018 for the best semi-premium whisky. Sterling Reserve Blend 7, Kyron Premium Brandy and Officer's Choice Blue were rated as 'Notable Products' at the Superior Taste Award by the International Taste Institute, Brussels in 2021. Sterling Reserve Blend 10 Whisky, Sterling Reserve Blend 7 Whisky and Kyron Premium Brandy all won gold awards at the prestigious Monde Selection Brussels in 2022.

IMFL is the largest segment of the Indian alco-beverage market both in volume and value terms as the segment recorded sales of 310 million cases in Fiscal 2021 with a decline of 11.4 per cent in volumes as compared to Fiscal 2020 sales, at 350 million cases. The IMFL market is estimated to have recovered to 355 million cases in Fiscal 2022 and the sales volume is projected to reach 425 million cases by Fiscal 2025. IMFL sales by value are estimated at ₹1,74,000 crore in Fiscal 2022 and projected to reach ₹2,40,000 crore by Fiscal 2025 with a CAGR of 11.3 per cent and sales volume is expected to grow at a CAGR of 6.2 per cent.

"A growing number of people are joining the workforce more quickly than in the past, along with changing



Shah: strict code of business conduct

lifestyles and dismantling of social barriers to the consumption of alcohol, and this is driving growth in the alcoholic beverage market in India. Greater social acceptance for drinking amongst women as well in Tier II and Tier III towns is expected to open up newer, profitable consumer segments. Rapid increase in urban population, a sizable middle-class population with rising disposable income, and a growing economy are driving the consumption of alcohol in India. In addition, 10 million to 12 million people are expected to enter the legal alcohol drinking age each year," says Ramamurthy. "Backed by our extensive portfolio of offerings across the mass premium segment, we believe, we are well positioned to capitalise on the shift towards premiumisation of consumption," he feels.

"The IMFL market is dominated by five southern states contributing more than 50 per cent of total consumption by volume. Karnataka and Tamil Nadu are the top two markets in the country contributing more than 30 per cent of overall consumption by volume in India in Fiscal 2020. Prohibition of country liquor has led to growth of IMFL in southern states. Southern states contribute close to 45 per cent of whisky sold in the country," says Basu.

Indian whisky brands dominate the list of top selling whisky brands in the world. As per 'The Millionaires Club' by drinksint.com, in 2020, the

top four highest selling whisky brands in the world are from India and 16 out of the top 33 selling whisky brands in the world are from India. Indian whisky brands have historically dominated the list of top selling whisky brands with 15 out of the top 31 in the list in 2016. The top five whisky brands in India sold close to 110 million cases in 2020 which is close to 60 per cent of the overall market in India. The top five whisky brands in India include one each from United Spirits, Allied Blenders and Distillers and John Distillers. Pernod Ricard has two whisky brands in the top five whisky brands.

Ramamurthy says Indian whisky is unique as it is not bound by any rules on ageing or storage in specialised casks. Indian whisky is only required to use ethanol produced from an agricultural source. Weather condition in India can also be detrimental to ageing of alcohol as losses are higher in Indian tropical weather. Indian sugar companies use molasses produced as a by-product during processing of cane sugar, to produce extra neutral alcohol (ENA) which is sold off to Indian spirits companies, though top spirits companies in India nowadays mainly use ENA produced from grain in their IMFL products. Imported whisky plays an important role in blending with Indian grain whisky. The majority of whisky imported in India is used to blend with Indian grain whisky. Another important segment of imported whisky includes whisky that is imported in bulk and bottled in India. This constitutes a large part of the premium segment. The luxury segment of whisky is dominated by bottled in origin (BIO segment) whisky with both blended as well as single malt whisky.

Key players

The Indian IMFL market is a concentrated market with the top three players controlling close to half of the IMFL market by volume in Fiscal 2021. "These three companies are also the top whisky selling companies in India. United Spirits Limited is the leader in the IMFL market. It achieved the coveted distinction of the largest spirits company in the world by volume with the largest number of millionaire brands in the world till 2015. United Spirits Limited is controlled by the

largest spirits company in the world, Diageo plc. United Spirits has 8 million-
aire brands in the Indian whisky category including McDowell's No 1 which was the top selling whisky in the world for calendar year 2020 by volume," says Technopak.

Pernod Ricard India is a wholly owned subsidiary of Pernod Ricard SA. It is the second largest company in the IMFL market in India. Pernod Ricard has played a key role in the premiumisation of Indian whisky market with a range of iconic brands including Imperial Blue, Royal Stag, and Blenders Pride. Pernod Ricard acquired the wine and spirits business of Seagram in India which gave it a prominent position in the Indian IMFL market. It is the most profitable company in the alco-beverage industry in India. It had three million-
aire brands in the Indian whisky category for calendar year 2020.

"It is in this context that ABD's unique feature of being the only fully Indian-owned liquor business comes to the fore," Basu says and explains: "Over the years, we have developed a well-recognised product portfolio, and transformed ourselves from a single brand company to a multi-product and multi-brand company with a presence across various categories and segments of the IMFL industry in India." Since the launch of Officer's Choice Whisky in 1988 in the mass premium segment, the company invested significant resources in enhancing the strength and appeal of the Officer's Choice brand. Officer's Choice Whisky is the market leader in the mass premium segment with a market share of 23 per cent in terms of annual sales volumes in Fiscal 2021. "Our proposition with Officer's Choice is aimed at offering high quality products at affordable price points that elevate a consumer's drinking experience," he claims.

"Our consumer-centric approach in building brands has enabled us to achieve high sales volumes. Our brands have been positioned based on relevant consumer insights," says Basu. Over the years, it has introduced contemporary brands that appeal to various consumer tastes and preferences.

"The young like to experiment. They normally flirt with a few flavours before they settle on their choice. There are individual choices and collective



Ramakrishnan: strategic marketing

choices and the need, state or motivation for the drinking occasion also has a role to play for the brand and the segment to be consumed. Most new consumers have a repertoire. Yes, it's a fact that more than 1 crore young adults come into the legal drinking age every year in India. If you consider 21-25 as the young starters, there are 5-plus crore consumers experimenting with flavour and brand choice as they settle," says Basu. The company has strategically undertaken brand-building initiatives through prudent use of resources and investments to increase awareness and recall of its brands.

Marketing campaigns

Ramakrishnan Ramaswamy, ABD's CFO who has been with the company since 2010, says over the last three fiscals, "we have undertaken several campaigns, including Jo Smooth Vahi Officer campaign, Salute Toh Banta Hai, Rok Sake Toh Rok Le and Chase The Next. In Fiscal 2019 the company's advertisement and promotion expenses were ₹168.5 crore, in 2020 ₹131.6 crore, in 2021 ₹90.6 crore and in the 9 months ended 31 December, 2021 ABD spent ₹70.4 crore on promotions. We have undertaken strategic marketing investments towards associating with key sporting events across the country and to build a better connect with consumers that included partnerships with teams participating

in the Indian Premier League, the Pro Kabaddi League and regional football leagues for our focus markets of West Bengal and the North East."

Basu says: "Brandy is the second largest segment of the Indian IMFL market with a sale of \$3 billion in Fiscal 2021. It accounts for approximately 15 per cent of the total IMFL market by value. The brandy category witnessed a trend like whisky during Covid-19 and saw a de-growth of 16 per cent by value but is further projected to grow at a CAGR of 10 per cent over the period of Fiscal 2021 to Fiscal 2025. It accounted for 20 per cent of the total volume of the IMFL market in Fiscal 2021, witnessing a sharp decline of 13 per cent by volume in Fiscal 2021. It is projected to grow at a CAGR for 7.4 per cent by volume from Fiscal 2021 to Fiscal 2025."

The brandy story

As per the Food Safety and Standards Authority of India (FSSAI)'s alcohol beverages regulations 2018, brandy is a beverage made by distillation of wine. It may be aged or matured to possess the aroma and taste of brandy. Unlike brandies from European and other western countries, Indian blended brandy is a mixture of a minimum of 2 per cent of pure grape brandy with any other fruit or flower brandy as recommended by Indian law. Indian brandies are permitted to use ENA (extra neutral alcohol) from other sources of agricultural origin. This is convenient for the producers as it is very cheap compared to brandy made from the distillation of 100 per cent grapes. India's tropical and warm weather almost round the year does not make brandy a suitable drink for all seasons due to its warming effects on the body.

"We sold 37.32 million cases of IMFL in the country in Fiscal 2019, 33.23 million in 2020 and 25.52 million in 2021 and 20.66 million cases in the nine months ended 31 December, 2021, and the company recorded an overall market share of 8.2 per cent by sales volumes in Fiscal 2021," says Basu.

ABD's distillery is located in Rangapur, Telangana and is spread over an area of 74.95 acres and has a built-up area of over 25,000 sq m. Its in-house distillation capacity of ENA is 54.75 million litres per year. The company also has extensive bottling capabilities



The company's R&D capabilities are centred on product innovation

with an optimal mix of owned and third-party facilities with a pan-India presence across 22 states and union territories. As of 31 December, 2021, it owned and operated nine bottling units, and had entered into arrangements with six third-party bottling facilities where the entire licensed capacity is utilised by the company. Over the years, ABD has developed relationships with third-party bottlers and entered into 15 bottling agreements on a non-exclusive basis including one where it has entered into a royalty arrangement.

R&D boost

Basu explains: "The company's research and development capabilities are centred on product innovation, which includes new product conceptualisation and development, acquiring novel raw materials and product engineering. Its research and development facility is located at Aurangabad and is equipped with instrumentation for testing of raw materials, packaging materials, blend tasting and testing and finished product quality." In addition, ABD's R&D is also focussed on innovation in packaging and the material is also evaluated to ensure that it conforms to all the requisite standards.

"For instance, we have developed sustainable packaging for Sterling Reserve and have been awarded Gold at the Design and Packaging Masters

2021 for the brand's limited-edition packs. We also trained an in-house panel of sensory experts that analyse and evaluate consistency and correctness of the products," says Basu whose strategy at ABD has been to first deepen the play in whiskies with the launch of Sterling Reserve.

"It has enhanced our offers to the semi-premium and premium whisky consumers who are fast growing and we've met with strong success. Whisky contributes 65 per cent to the Indian spirit consuming class. Secondly, we have introduced two very interesting concept whiskies in the last month – namely Sterling Reserve Whisky Cola Mix and Srishti Premium Blended Whisky. Sterling Reserve Whisky Cola is the colour of whisky in the bottle and retains the colour after mixing with water or soda. It's got an infusion of cola which plays out on the palate and aftertaste with every sip. It appeals to the young adult who has spirits with a mixer and gives a superb choice. In the specific case of whisky, we find that it's an acquired taste for a few and this allows for an immediate and friendly consideration," adds Basu.

The Indian spirits industry operates in a highly regulated manner with state-specific policies which impact industry volumes in some markets. High interstate duties compel Indian spirits producers to set up owned or engage third party manufacturers in every state.

Licences are required to produce, bottle, store, distribute or retail alcoholic products. Distribution is also highly controlled, both at the wholesale and retail levels. "All these factors serve as potential entry barriers for newer players," says Ramamurthy.

Further, distribution of alcohol-beverage products is highly controlled by state governments and the entry of new players in distribution is prohibitive due to high regulation across states and strong relations between the current players and the retail outlets which may include exclusive arrangements. "With our extensive operations across India, our presence in multiple states and current capacity ensure that we are able to effectively address these issues which has allowed us to garner a significant share of the mass premium market and noticeable and growing market share for our premium products," he says.

Leading exporter

As of 31 March, 2021, ABD's products are retailed through 64,001 outlets across India. ABD has also emerged as a leading exporter of IMFL in terms of annual sales volumes between Fiscal 2019 to Fiscal 2021 with an estimated peak share of 20 per cent in Fiscal 2021. Its products are exported to 22 countries, including United Arab Emirates, Haiti, Oman, Nigeria, and Kenya, with Officer's Choice Whisky being one of the largest exported brands in 2021.

The export of Indian whisky is limited as it does not conform to specifications listed for whisky in major markets of the world.

Indian whisky is popular in countries with a large Indian diaspora with the Middle East being the biggest market for the same. In 2020, India exported approximately 6.12 million cases of whisky to other countries in the world. United Arab Emirates (UAE) was the largest importer of IMFL whisky, importing 23.7 million litres (2.6 million cases) in 2020, accounting for 43 per cent of the total share. Indian whisky companies have started to develop marquee brands adhering to the highest quality of raw material and processing standards to come up with unique product offerings which stand out for product notes and flavour as well as overall product quality.

Amrut Single Malt Whisky and Paul John Single Malt Whisky are two products with a successful launch in this category. Top alco-beverage companies including United Spirits and Pernod Ricard have also forayed into India-based single malt products. India gets approximately 86 per cent of its total imports from the UK, which is the largest exporter of whisky to India. India was the second largest importer of Scotch whisky by volume in the world in 2019.

Team spirit

“Chhabria has built an experienced and professional senior management team with significant industry experience and it has demonstrated an ability to develop and build brand recognition and deliver growth and profitability. The company follows a strict code of business conduct for its operations having implemented board approved policies on anti-bribery and corruption, gifting and entertainment, anti-money laundering, antitrust and competition and conflicts of interest,” says Ritesh Ramniklal Shah, Company Secretary and Compliance Officer. ABD has whistle-blower, breach management, disciplinary, prevention of sexual harassment, marketing code and corporate social responsibility policies.

Shah says: “Environmental and social practices as well as environment sustainability are a key focus across all parts of our business and operations. Our sustainability initiatives are aimed at zero harm, zero waste and zero discharge. To achieve this vision, quality and compliance controls are being established and revamped right from the supply chain to the value chain. We intend to continue our growth in this area. We intend to reduce our consumption of fossil fuels and increase use of aseptic packaging, implementation of solar energy to power manufacturing operations and reduction in the use of water as part of our distilling and IMFL bottling operations.”

Despite the limitations imposed due to Covid-19, ABD enabled virtual training of its employees. “We believe that the skills and diversity of our employees give us the flexibility and agility to adapt to the future needs of our business. Our employee base is the key to our competitive advantage – it has 744



ABD's state-of-the-art plant

employees including 74 production workers, 179 sales consultants, 14 consultants, and 2,611 contract workers,” says Ramamurthy.

Market leader

In Fiscal 2021, the sale of whisky accounted for 64 per cent of IMFL sales in India. The mass premium segment constituted approximately 31 per cent of the total IMFL market in India in the same year. Officer's Choice Whisky is the market leader in the mass premium segment with a market share of 23 per cent in terms of annual sales volumes in Fiscal 2021. The flavoured local alcoholic beverage popularly known as country liquor or Indian made Indian liquor is close to one-third of the alcoholic beverage market by volume in Fiscal 2021. The country liquor market was estimated at 325 million cases in Fiscal 2022 and the market is projected to be range-bound at 350 million cases by Fiscal 2025. “We believe we can address the requirements of large segments of audiences that currently consume country liquor or economy brands and are looking to upgrade,” adds Ramamurthy.

Given the positive change in attitude towards alcoholic beverages and the higher social acceptance and rise in income levels, ABD plans to expand penetration of Officer's Choice Whisky in states such as Karnataka

and Uttar Pradesh. It also intends to position Officer's Choice Whisky as a brand for the younger generation and make it the ‘first port of call’ for new entrants in the category. Its campaign ‘Jo Smooth Vahi Officer’ has been successful in appealing to consumers and the company will further amplify the campaign through digital and social media to build a better connect with potential consumers. The mass-premium segment requires large-scale operations, multiple units across various states, a strong distribution network, the ability to deliver products cost-efficiently while maintaining product quality to match consumer expectations. “We believe that Officer's Choice Whisky is best positioned for this role and there is a natural barrier to new entrants given the significant entry barriers and complexities,” says Ramamurthy.

Aiming high margins

“Going ahead, we intend to continue to introduce products in the premium, semi-premium and deluxe segments with an intent to provide our company with higher margins and greater profitability over time. We have consciously developed our product portfolio to provide consumers with products with different tastes at various price points,” says Basu.

“ABD introduced limited editions of its existing brands, and has now

launched some of the best, differentiated work with the launch of ICONiQ White Whisky, Srishti Premium Blended Whisky, and a youth purposed packaging format called 'Hippy' on Sterling Reserve. Sterling Reserve 'Hippy' is a trendy, convenient and gives an option to consumers who look for differentiation," he explains

Having built the brand, Team Chhabria is now taking ABD public, having filed its Draft Red Herring Prospectus (DRHP) with SEBI, targeting ₹2,000 crore via a fresh issue and offer for sale (OFS). Some breaking news – the offer document states that Kishore Chhabria will be redesignated as the non-executive chairman on the listing of the company. Incidentally, Chhabria himself does not own a single share in ABD as per the DRHP. The OFS is by his family members – Bina Kishore Chhabria (₹500 crore); ₹250 crore by Resham Chhabria and Jeetendra Hemdev, and another ₹250 crore by Neesha Kishore Chhabria. An amount of ₹708.98 crore from the fresh issuance will be utilised for retiring the company debt and balance used for general corporate purposes. The equity shares are proposed to be listed on the BSE and NSE.

"A liquor company will be tapping the markets after a really long time," says Arun Kejriwal, director, KRIS. Considering the increase in demand and that millennials seem to be enjoying their peg of fun, the prospects of the industry have improved significantly. To add to the good times is the fact that the government has become more open-minded on duties levied on the industry, Kejriwal says as he looks forward to "interesting times ahead for the sector".

"India is the 9th largest consumer globally and is one of the fastest growing markets - a double digit growth pre-covid. Rising levels of disposable income and growing urbanisation will ensure that liquor demand, though recently the growth has slowed to 8 per cent. However, will this translate into every listed liquor stock outperforming

the markets? I doubt, since valuations for multinationals are clearly at a premium compared to the home grown ones baring possible 1 or 2. Liquor has been a heavily regulated sector with multiple agencies at the State as well Centre vying for a larger share of the spoils. Having to operate in such a notorious environment, the market gives a premium for transparency. Diageo's latest move of selling popular brands and concentrating only on pre-

mium brands is a pointer on where the value lies. With distribution getting controlled by the States barring a few, the cost push price increase has been slower which has been eating into the margins of mass brands" says Ambareesh Baliga, independent research analyst pointing that despite the ban on advertising, last 5 years have witnessed more successful brands than possibly the last two decades. And quite a few have been start ups. These brands have been slowly

eating into existing mass brands as the younger generation is more experimental with their taste. Many niche brands have been successful in micro markets which again should be a worry for the established brands.

Modernisation push

Ramamurthy explains that ABD will continue to focus on reducing operating costs and improving utilisation by investing in modernisation of its manufacturing facilities with the relevant technologies and production methods. This, he hopes, will increase their capacity, improve efficiency and operating performance and reduce the need for future capital expenditure. "We continue to evaluate front-line technologies and resultant benefits with a view to maintaining competitive advantages. Higher capacity utilisation will result in more production and higher sales, thereby allowing us to spread fixed costs over higher sales and increase profit margins. Further, we intend to continue to enter into additional contract manufacturing

tie-ups and leasing and sub-leasing bottling units to increase our production volumes. We will evaluate options to establish additional grain ENA manufacturing facilities which will help reduce dependency on vendors, ensure improved supply security, and stable quality and input costs. "We believe in an optimum asset-light model which will be reviewed as the business grows, thereby improving our operating efficiencies and margins. We will evaluate growth opportunities through selective acquisitions," he says.

"ABD will selectively pursue strategic acquisitions and investments and other strategic alliance partnerships that are complementary to its growth strategy, particularly those that can help it enrich our product portfolio and expand the customer base," says Basu as the company searches for opportunities to acquire or license third-party brands in India and overseas that will add value to its existing portfolio. To improve its backward integration capabilities, the company plans to acquire or build additional distilleries across India.

Pride of place

"Acquisition or development of such distilleries will limit supply constraints which in turn will allow us to improve our margins," says Ramaswamy. "In evaluating the financing of any such acquisitions, we remain committed to enhancing shareholder value in the long term, both by investing in the businesses and brands so as to improve the return on investment," he says.

Shah says: "We have created an exclusive limited-edition pack for our Sterling Reserve whisky using discarded fabric. This limited-edition packaging is hand-crafted and results in reduced waste in landfills, water saving and provides employment to handicraft artisans," Basu points out.

Finally, Basu says: "ABD has pride of place as the largest Indian, independent spirits organisation. We stay ahead for a reason. We deliver a quality benchmarked, consistent product and have renewed packaging consistently." The company looks forward to a new chapter, post the IPO, and Chhabria plans to retire and engage in CSR. ♦

LANCELOT JOSEPH

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**ICONiQ White
Whisky is one
of the best and
differentiated work
from ABD**

The oath of growth

Companies must focus on the boom and forget about gloom and doom

It has been proved that India is the fastest growing major economy in the world. So, in such an environment and in such a country, would it not be important for companies to also grow fast? To achieve this, companies need to take 'oaths of growth', because lacklustre performance, letting things slide, maintaining status quo, lazy lingering on tactics and having an attitude of sleep and slumber will not work anymore in today's India. Companies invariably have strategies and plans. But the most important element that a company requires to grow is an attitude of growth; a commitment to grow; an 'oath of growth'. There are many dimensions of growth. Each of them must be looked at carefully and nurtured and grown. To my mind, the first and most important parameter for growth is the growth in thinking. If the top management of the company does not grow in its thinking, then all else will be slow, preventing growth. But, what is this growth in thinking? You need to have faith, belief and an open mind, a willingness to want to grow. It all starts with your *soch*, with your thinking.

The second most important growth parameter of companies would be the growth in their portfolio. It could be a company offering a product or a service, but there has to be a thinking to grow the product portfolio or service portfolio, whereby it offers a wide range of products or services to the chosen segment of consumers -- well branded, well packaged and well offered.

The third most important parameter for growth of companies is the growth in reach. In a big country like India, growth in reach is important because, if you do not reach out to various segments of customers and consumers and are not available with your products and services, you could be losing the opportunities of engaging with customers and consumers -- allowing them to purchase and consume your products and services. India is spread out, with thousands of towns and villages offering great opportunities for companies, which have not been growing, to reach out. If this opportunity is not used, then other companies who are better distributed and better available in terms of products and services will leap ahead of you and you would languish behind.

The fourth important parameter is the growth in awareness. If customers and consumers do not know about your products and services, about your brands, about your features and benefits, about your range and innovations, then the lack of such a growth in awareness could have a direct



JAGDEEP KAPOOR

and negative effect on the growth of the company. You need to move from being unknown to be well-known or from being known to be better known. One must also be cautious to make sure the growth is not just of awareness, but of relevant awareness.

The fifth parameter of growth, which is most important, is the growth of customer service and customer satisfaction. India being big in size can allow companies to generate trials amongst consumers and customers. It is a one-time purchase, a one-time consumption and a first time trial. But, if the matter ends here, there will not be any repeat purchases or consumption on a regular basis. And, that would be detrimental to growth. So, if you require not just regular purchase and consumption but also repeat purchase and consumption among customers and consumers, you will need to grow customer service and customer satisfaction.

The sixth parameter is actually a result of all that you would do in the above five parameters --

The first and most important parameter for growth is the growth in thinking. If the top management of the company does not grow in its thinking, then all else will be slow, preventing growth

growth in sales revenue, market share and profit. These are the results of all the efforts and strategies that could have been deployed in the first five parameters. But, unless you have the top five parameters, you may not be able to reach the sixth parameter. It is not important to have a one-time growth, it is important to have a regular, consistent growth chart, so that you are a company with sustainable profitable growth, serving not only existing customers and consumers through existing products and services and brands, but also acquiring new customers and consumers through new products and services and brands.

In today's wonderful environment conducive to growth, companies in India must really focus on the element of boom and forget about gloom and doom. Companies must not only think but also act in a manner which will make them grow across the six parameters that have been mentioned. For this, the entire company, from top to bottom, needs to take an Oath of Growth. ♦

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Stock picking strategy will work, going forward in the new Samvat

Diwali is a festival of strengthening emotional bonding. Traditionally, people used to go to relatives' houses to greet their elders and take their blessings. Larger families used to meet at a conveniently mutual place – hotels, clubs, gymkhanas etc. India's oldest exchange had devised its own ways for celebrating Diwali. Entire families in their colourful sarees and traditional dresses used to meet and greet each other on the floor of the exchanges. Diwali also marked the completion of one year. Ushering in the new year with pomp and gaiety was the order of the day. The uniform accounting year saw most brokers shifting to the April-March fiscal year. This and the demise of the open outcry systems which was replaced by electronic trading means many of the earlier traditions have given way to greeting only near and dear friends in their offices. Token buy and sell orders are still executed on the special Muhurat

session on Laxmi Pooja day, between brokers and clients, retail and institutions. While everyone feels it is auspicious to buy, most buying and selling orders cancel any visible trends on that particular day, unlike what happened earlier.

Observing the data of the Muhurat trading session over the last 10 years, and looking at the trade a day before and a day after, indicates an absence of any visible volatility. The change in percentage terms, save for 2013, is less than one percentage. In absolute terms, the highest gains were witnessed during the Diwali of 2020 when the market gained 339 points. The maximum decline was 227 points in November 2011.

Challenging background

The best attraction of Muhurat trading is still to start the new Samvat year on a good note. The current

Samvat 2078 ends next week with hopes abounding as to how the new year will fare for investors. The biggest problems faced in Samvat 2078 were largely geopolitical, with the Ukraine war leading to several problems.

Against the challenging background of a looming slowdown and inflation FIIs have been net sellers for the better part of the year. Since January they have sold shares to the tune of ₹1.68 lakh crore. This was in addition to around ₹1 lakh crore sold during the October-December quarter. In spite of sales of nearly ₹2.68 lakh crore in the market, Indian stock markets have been resilient. Many new investors in the markets who had come during the panic period of Covid, stood their ground and held on to their investments, with many expanding their portfolio.

In 2008 post the sub-prime crisis FIIs have likewise sold off in a hurry but had come back later. Will history repeat itself? With India's growth still cantering at a healthy rate of around 7 per cent, FIIs may yet come in sooner rather than later. With desi and videshi investors

Diwali day	Diwali	% change	Op.day before	Cls.day after	Absolute
Nov-03	2013	1.36	19,586	19,833	247
Oct-23	2014	0.01	26,783	26,787	4
Nov-11	2015	-0.87	26,094	25,867	-227
30-Oct	2016	0.19	27,983	27,930	-53
Oct-19	2017	-0.38	32,514	32,390	-124
Nov-07	2018	0.46	35,076	35,238	162
27-Oct	2019	0.12	39,201	39,250	49
Nov-14	2020	0.78	43,296	43,635	339
Oct-24	2021	-0.35	60,275	60,067	-208

both becoming bullish, Indian markets may see a steady year-on-year growth over the next few years, if not decades.

What should investors do during the intermittent period with the clouds of slow-down hovering over many of the developed economies?

Business India spoke to a cross section of people amongst them brokers, investors and fund managers. Most are gung-ho over the prospects, despite the volatile conditions.

"The environment for investment is good," says Nilesh Shah, MD Kotak Mahindra Mutual Fund. "India is standing out like an oasis in the global desert where uncertainty prevails." Shah points out that investments from both public and private sector are happening. Inflation may soon come in line with RBI projections in a few months. Consumption was impacted during October 2021 to September 2022. Listed FMCG volume-wise sales were low. This year, we could well see a volume rise as also a price rise. The rising trade deficit is indeed a worry. However, Shah feels that on balance, India is in much better shape to ride these uncertainties than many other countries. It is well on its way to becoming the third largest economy by 2028-2030.

Shah agrees that all this positivity has been captured in the market. "While one year forecast of earnings may reflect in the market looking expensive over a one-year period, in 5 years we may look the cheapest." Growth (in EPS), Governance and Green will drive sentiments. Domestic investors are currently supporting the markets and they will continue to do so. India, for the FIIs, has proved to be an easy-to-exit but difficult-to-enter market. Weightage of India in the MSCI Emerging markets has gone

up from 6.4 per cent earlier to 14.7 per cent and could rise to 18 per cent soon, if South Korea is transferred from being an emerging market to a developed one. "The chief concerns will be the rising trade deficit and depreciating rupee vis-à-vis the strengthening US dollar. Geopolitical problems may impact markets in the short run. However, markets do look good for the next few years. Buy on dips would be my advice."

Stock picker's market

"It is a delightful market to be in. For an investor, global uncertainty and volatility should be looked on as an opportune time to invest," says Manish Chokhani, director, Enam Holdings Pvt Ltd. He adds: "While earlier index funds, passive funds did well, they may not perform well during uncertain times. This year will undoubtedly be a stock picker's market. Investors should select potential winners and buy if they have the stomach to hold them for a longer horizon."

Chokhani points out that every decade throws up winners. Earlier it was Infosys and IT companies. Last decade it was Bajaj Finance. Currently it is Adani Group. The coming decade will throw up other winners. Companies which expanded during the crisis period have been able to reap good profits now. A few years ago in the steel industry, groups like Tata, Jindal went on an acquisition spree. Today they are reaping the benefit of higher steel prices. Investors should likewise buy when everyone (FII) is selling. India is too big a market for FIIs to ignore for long. Some of the best investments are often made during a crisis. Investors will have to be agile to spot unfolding opportunities.

With globalisation, markets tend to

move unidirectionally. However, India is currently standing out as an island of stability. An island of hope. Indian companies will outperform. One should not bet on sectors but aim to spot tomorrow's winners.

"Sentiments are quite good. The market is very confident despite the turbulence," says Deven Choksey, promoter and MD KR Choksey Financial Shares and Securities. "There is increase in inflows from the direct investment route." This is indeed a healthy sign as more than 10 crore demat accounts across two leading depositories, NSDL and CDSL, have been opened. There are more direct investors in equity in India than the combined population of several leading countries in Europe and elsewhere. The total investment population is, of course, much higher as several mutual fund investors do not have demat accounts, with several funds dissuading investors from dematting mutual funds units. Choksey feels that while PMS investment flows are low, investors are buying during dips. "Every fall and dip is being utilised by both investors and PMS funds for enhancing their portfolios with good stocks."

The fact is that investors have to be agile and be able to seize opportunities when they come in volatile markets. When HDFC gets merged with HDFC Bank and goes off the major global indices, one should be able to buy when FIIs are selling. Sooner or later HDFC Bank as also some other banks, may fill the spot vacated by HDFC in these global indices. While consumption in domestic markets will continue to grow, the real cherry on the cake will be when investment demand also moves in sync with consumption demand. Infrastructure industries like cement, steel and capital industry as well as aluminium will be the major beneficiaries. As will be the contracting companies and those investing in building platforms rather than merely looking at pushing products. Telecom is a good example. Investors do not generally buy indices and it is best to look at selective stocks rather than take a broad view of the economy. Index stocks may not be big multi-baggers.

Business India has identified some stocks which it feels are expected to do well in the coming years. ♦

DAKSESH PARIKH

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Business India recommends

Like every year we have drawn up a list of six companies which we expect to do well over the next 2-3 years. While investors do have exposure to companies like Reliance Industries, Tata Steel or ACC and Ambuja Cement besides leading banks like SBI, HDFC Bank and ICICI Bank, these companies can be watched for increasing one's exposure. We have avoided giving figures, as in many cases the September results will be out shortly.

The *atmanirbhar* initiative of the government has seen many PSUs coming to the fore. We have identified a few more this time.

SOLAR INDUSTRIES

Exploding growth

Names can be misleading. Solar Industries, despite having solar in its name, is not into green energy. Started in 1995, this Nagpur based company promoted by Satyanarayan N Nuwal, has now become a leading company producing explosives, bulk and packaged products used in the mining and defence sector. It has diversified into the business of propulsion systems for space appliances. It has also invested in a start-up, Skyroot Aerospace, which manufactures space launch vehicles. There are 34 total production units across the globe, servicing 64 countries.

The customers of Solar Industries include Coal India, non-CIL and institutions, housing and infra. Defence also contributes to the top line, albeit in a small way. The company manufactures hand grenades. Exports and overseas orders contribute to 34 per cent while CIL and non-CIL contribute 33 per cent. Housing and infrastructure forms a fourth of its revenue while defence is around 4 per cent.

At ₹1,615 crore in the first quarter of



FY23 the turnover has nearly doubled compared to the first quarter of FY2022. This is largely due to the increase in prices of explosives which have gone up by 74 per cent. Volumes in the first quarter have shown a 14 per cent rise. Its EBITDA has gone up by 66 per cent while the PAT, at ₹183 crore, shows a near 81 per cent increase. Interest as a percent of net sales amounts to less than 1 per cent. The company's return on net worth was around 23 per cent (FY2022) while the return on capital was nearly 27 per cent. As against the EPS of nearly 49 for FY2022 the company posted an EPS of ₹18.81 on shares of the face value of ₹2.

A healthy order book of ₹3,834 crore at the end of the first quarter and government's initiative on indigenisation bode well for the company.

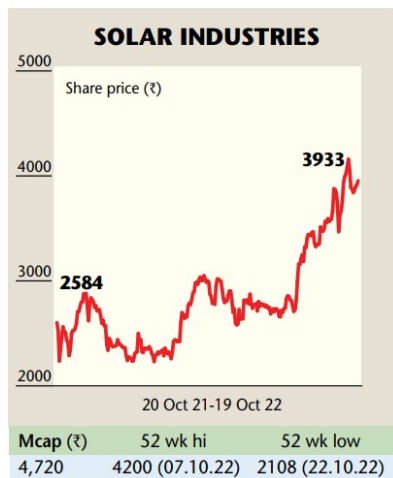
ADITYA BIRLA FASHION & RETAIL

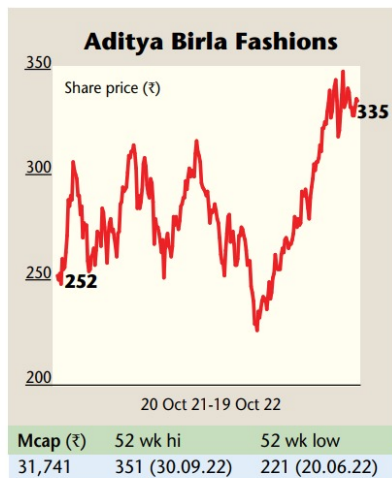
Profit across price point

Income rise has given rise to aspirations across the cross strata of the population. Donning branded clothes with subtle brands flashing has become synonymous with making a style statement. Aditya

Birla Fashion and Retail has an array of aspirational brands. Along with the older brands of Louis Phillipe, Van Heusen, Allen Solly and Peter England, the company has grown through collaboration and takeovers. It has taken over Pantaloons, Reebok, Forever 21, American Eagle, Ted Baker, London, Polo, Fred Perry, Jaypore, The Collection and inked tie-ups with Sabyasachi Mukherjee and other leading fashion designers Shantanu & Nikhil. The company uses shares as a currency effectively and pays consideration in shares through preferential offers to its partners. The share capital of the company stood at ₹938 crore as on 31 March, 2022 with net worth of ₹2,773 crore (as on 30 March, 2022).

From a single acquisition of Madura Coats and Madura Garments, the first by Kumar Mangalam's foray into this consumer facing business the company has morphed into a billion dollar one producing 20 million garments a year. The company has a staff strength of nearly 25,000 people with a presence across nearly 3,500 stores and nearly 28,600 multi-brand outlets. One of the differentiating factors of the company is that it offers new products 12 times a year compared to the industry's twice a year. Digitisation





and building of omnichannel infrastructure have also helped to curtail costs. The company, which was in a building phase, has started reporting net profit since the last two quarters ended June. On a consolidated basis it reports a PAT of ₹95 crore on a top line of ₹2,505 crore. In the quarter ended March 2022 the company had reported a PAT of ₹32 crore.

The shares, which gave returns of 22 per cent in 2022 and 130 per cent over a two-year period, are a good proxy for the consumption sector.

COAL INDIA

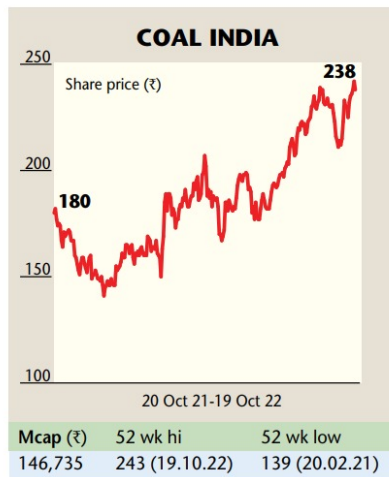
Mining profits – generous dividends

Despite all the talk about coal being one of the biggest polluters, thermal power stations are not going out of fashion in the near future. The war between Ukraine and Russia has shown how countries are vulnerable to disruptions in gas

supplies. Along with the rising price of crude oil, coal in India will continue to see good demand from thermal plants, for at least a decade, if not more.

Mining companies may not be able to reduce pollution but in a bid to become carbon neutral they are entering into new businesses including solar and wind energy. Coal India, a Navratna PSU, has recently inked a JV with NLC (earlier Neyveli Lignite Ltd) which is now using its minerals to produce both thermal and green power. Earlier this month (October), it inked an MoU with the Rajasthan Government, the first of its JVs with a state to set up a 1160 MW solar plant at Bikaner at an envisaged cost of ₹8,000 crore. It has also inked MoUs with other PSUs, BHEL, Indian Oil and GAIL for studying the feasibility of setting up gasification plants to exploit surface mines and get into producing more value-added products.

Coal India, one of the largest global coal mining companies, is on a roll. YTD returns are 61 per cent. In the first quarter



of FY2023 the company posted an EPS of ₹14.33 which is more than 50 per cent of the total EPS of FY2022. While figures for the year ended September are awaited, the company has stated that the total production for the period April-September has gone up by 20 per cent. It has already achieved 43 per cent of the target of 700 MT in FY2023. This, despite the fact that monsoon production normally tends to get impacted and the second half of the year shows a higher growth than the first. This is one of the reasons for the company's shares giving a return of 61 per cent (YTD) on top of 30 per cent returns in 1 year and 107 per cent for 2 years.



The company also pays good dividends. For FY22, shareholders received ₹17.50 per share as dividend.

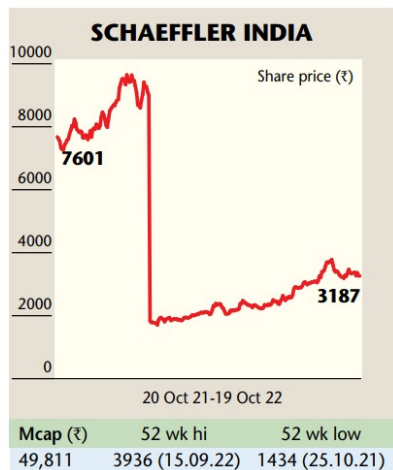
SCHAEFFLER INDIA (EARLIER FAG BEARINGS INDIA)

Bearings for the auto industry

The growth in the auto industry has seen a lot of attention focussed on auto ancillaries. Besides catering to OEM demand, these companies also cater to replacement markets.

After completing the takeover of Fag Bearings India in 2017, German major, Schaeffler AG, merged two companies – INA Bearings India Private Ltd and Link India Private Ltd – in 2018 to become a major roller bearing company. One unified corporate brand with three product brands – as it had said at the time of merger. Thereafter it set up a new factory in Pune for manufacturing engine and transmission components.

Currently through its four plants, it provides solutions to automobiles, commercial vehicles and tractors. Its solutions to



the industrial sector includes railways, wind energy, textile machinery, wind energy and power and transmission segments. Replacement parts are also supplied to the automobiles sector as also the industrial sector.

Over the last 5 years the EPS per share has gone up from ₹124 to ₹201 in FY21 (it follows the January-December accounting year). The results for the current 9 months reflect a near 26 per cent jump in the top line to ₹5,073 crore. PAT stood at ₹648 crore with PAT margins improving to 12.8 per cent as against 10.9 per cent.

Schaeffler India provides a good proxy in the automobile ancillary segment for those who want to be exposed to the growing automobile market.

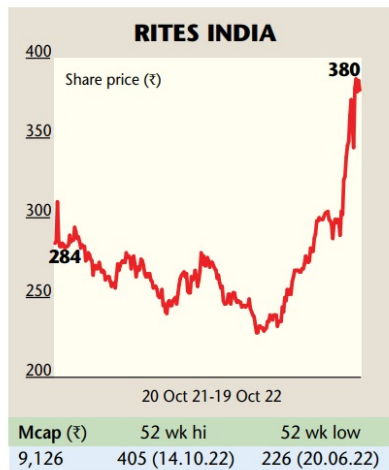
RITES INDIA Riding the infra wave

AMiniratna, PSU RITES is a multidisciplinary engineering and consultancy company incorporated in 1975. Besides providing consultancy services to railways, bridges, roads, highways, tunnels, ropeways, solar projects and a host of other services, the company also undertakes turnkey contracts. These include enhancement of railway lines and the modernising of railway workshops. It also leases out railway wagon stocks and trades for power for the railways.

Based on its order book position of ₹5,206 crore as at the end of 30 June, 2022, the company's main revenue comes from consultancy. The margins are high. Consultancy work, at 48 per cent, accounts for

the bulk of its top line. Turnkey projects on a standalone basis account for nearly 40 per cent of the top line with leasing of wagons (3 per cent) and exports and income from its subsidiary accounting for the balance. Exports include African countries and South East Asia. Its subsidiary Renewable Energy Management (REML) undertakes power purchase for the railways. It recently inked a JV with SAIL with the aim of making around 1,000 wagons.

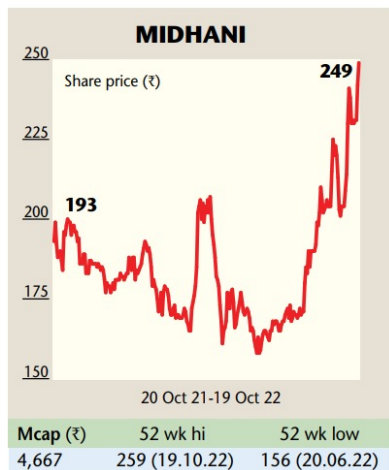
With government expenditure likely to rise in the coming years, RITES has good prospects to ride the infra wave. For the first quarter, consolidated revenue has gone up by nearly 70 per cent to ₹637 crore, the highest amongst all quarters. PAT has likewise gone up to a record quar-



terly high of ₹145 crore. It has a PAT margin of over 22 per cent, making it an attractive buy. It is also a good dividend payer. For FY22 it had paid ₹17.50 per share of ₹10.

MISHRA DHATU NIGAM INDIA LTD (MIDHANI) Alloying profits

With the government's focus on Atmanirbhar, with an increased emphasis on domestic defence, this PSU is increasingly coming into the limelight. The Hyderabad based company (in its pre-golden jubilee year) manufactures special steel, titanium alloys, nickel-based, cobalt-based and other metal based alloys. The specialised metallurgical company's products are used in defence, space, atomic energy, and railways. The company has manufacturing units in Hyderabad and



has recently set up another armour unit at Rohtak in Haryana. Amongst other things this plant will be manufacturing armour for vehicles, bulletproof jackets and bullet-resistant jackets. A platform has been developed at Hyderabad to provide springs used in coaches by the Indian Railways. Composite armouring for vehicles and helicopters is also being done.

The company collaborates with leading companies and institutions for enhancing its knowledge base. It has a tie-up with Hindustan Aeronautics, another great defence company, for production of composite raw materials. A tie-up has been inked with Carborundum Universal for developing ceramic based products. Likewise, it has tied up with an Italian company for developing aluminium alloy powder for additive manufacturing.

The company was in the news recently with the launch of the indigenously developed INS Vikrant by the Cochin Shipyard. Midhani, as the company is called, delivered the welding rods which were used for welding the special alloy steel.

The full potential of the company has yet to be realised by investors. As a result, returns from shares have been modest. YTD returns were 36 per cent and on a 3-year basis were 86 per cent. Here are returns from other well researched defence PSU companies – HAL (YTD returns are 107 per cent); Bharat Electronics (YTD, 56 per cent); Bharat Dynamics (YTD, 136 per cent). Unlike the others, which are largely product based companies, Midhani is a supplier to some of these companies and returns could see an improvement in years to come.

DAKSHESH PARIKH and SUNIL DAMANIA

Buckle up boards, ...

... here comes the turbulence

For all corporate honchos globally (and that includes their board of directors roles), the past couple of years have brought a decade's worth of learning on managing change. Their ability to predict the future was dismally poor, proving what the legendary baseball catcher and coach of New York Yankees, Yogi Berra, famously said: "It's tough to make predictions, especially about the future."

The world is going through many crises, following the onset of the pandemic and the Ukraine war, leading to a major dent in the global economy (some estimate it to the tune of several trillions of dollars) and enormous pressure on supply chains and global trade. Inflation has been here for some time, and with one or the other crisis affecting every front, the ability of boards to deliver better governance has been questioned in recent months. In the wake of many boards failing to see what was coming to companies like PhonePe, Zomato, Reliance Capital and the like, even without any pandemic or financial meltdowns, it seems this question has serious merit.

On the top of that, many board members have little or no expertise on the new frontiers of governance such as metaverse, ESG and the like. It is not helping when board members are selected on the basis of their loyalty to the founders and when regulators like SEBI is aligning with the government in delaying the much-needed reforms to protect the interests of minority shareholders. Obviously, the powerful family business owners have lobbied the government to delay the reforms for fear of losing their control on mismanaging the funds as they wish for their personal extravaganza like weddings, mansions or private jets.

While the focus here is on the boards of enterprises globally, one aspect deserves even tighter focus – board leadership. Covid, lock-downs, social turmoil, war in Europe, shortages, inflation... no need to go on, but all of these have hammered how board chairs have had to do their jobs. The question is: what specific changes lie ahead in the turbulent economy and how well the chairs and leader directors adapt to them?

The most immediate challenge for board leaders has been remote meetings, and all the changes they imposed. This move has been relatively seamless, though. But there are caveats putting new demands on remote board chairs – facilitating the side/cloakroom discussions among various members that grease the wheels of governance; and judging when directors are burning out on video time. It is certainly a strain looking at a screen through a long meeting. As veteran business leader Anand



Dr. M. MUNEER



RALPH WARD

Mahindra puts it, there is a Zoom coma setting in. There was also the other challenge of hybrid board meeting, which was tougher on the chair.

One certainty of board leadership lately has been the lack of certainty. Chairs have grown familiar at convening meetings with irregular schedules and off hours to deal with the latest talent, logistical or market crisis. A company needs change daily, board members are spread out in different time zones, and the CEO may require board approvals at an hour's notice. Board leaders have been forced to move beyond the conventional comforting days of ticking off a standard agenda every few months to convening quick mini-meetings for putting out fires. This demands much more time and mind space on the part of staff and the board chair. But the upside is that the chair and the CEO are cutting fat and boiler-plating items from agendas to target immediate needs and action requirements.

Recent turmoil has sped the trends towards more boardwork being handled at the committee level. Chairs responded by becoming less agenda-driven and more like orchestra leaders, co-ordinating the various tasks that audit, compensation, nomination, governance and other committees must do with smooth hands-offs and approvals. The chair must also delegate more, and more effectively, to make this work. Aside from added paper and data shuffling demanded of the corporate secretary's office, the committee chairs will now find their own leadership tasks much increased. Also, this requires the board chair to assure that talent is in place and ready to fill in when the chair and committee heads aren't available in the moment.

Board chairs are far more visible now. Shareholder activism has grown more pointed, with the chairs of mid-caps in particular on the front lines. Remember how, years ago, Infosys recruited a shareholder activist asking uncomfortable questions as their HR director? Stakeholder concerns, employee issues, and ESG matters have exploded since 2020, and all of these voices now demand more dialogue with board leadership. Board chairs have to be ready for their close up, and have good, solid rationale for the company's and, therefore, the board's actions.

Finally, today's board leader still must be able to move beyond all of these immediate headaches to keep the board and the CEO focussed on the big issues that were always the board's mandate. Purposefully build in time and attention for strategic planning, talent succession issues and risk management and oversight.

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Into the headwinds

As global recession looms large and anxiety grips policy makers, Budget 2023 needs to balance growth with inflation concerns. Can the FM frame Budget 2023 to defy the trend?

Finance Minister Nirmala Sitharaman's visit to Washington DC in the US to attend the annual meetings of the IMF-World Bank during 11-16 October did not come at a propitious time. The annual IMF-WB meetings were taking place when most emerging markets were getting squeezed by rising inflation and borrowing costs against a backdrop of slowing global growth. Just after she had landed there, the IMF cut its projection of India's economic growth in 2022-23 to 6.8 per cent from 7.4 per cent in July and 8.2 per cent in January. India had grown at 8.7 per cent in 2021-22, thanks largely due to the low base of the previous fiscal.

Earlier, the World Bank had projected a growth rate of 6.5 per cent for the Indian economy for 2022-23, a drop of 1 per cent from its previous June 2022 projection. The UNCTAD has projected India's growth rate even lower

– at 5.7 per cent. For the next fiscal, it is forecasting a further lower rate of 4.7 per cent. The UN body, in a region-wise analysis, says that economic activity in the largest economy of the south and west Asia is being hampered by higher financing costs and weaker public expenditures, resulting in a deceleration in GDP growth.

All these projections are lower than the 7 per cent, which the Union finance ministry and RBI mandarins were hoping for this year. Even Sitharaman had said (as recently as on 16 October in Washington) that India will stay on course and is projected to grow about 7 per cent.

'Bright spot'

The government appears to be drawing comfort from the assessments made by the likes of Hans Timmer, World Bank Chief Economist for South Asia, who

says India has done relatively well in the region, with the advantage that it doesn't have a large external debt and is guided by prudent monetary policy. The economy has fared especially well in the services sector, especially service exports. The IMF managing director Kristalina Georgieva too has lauded India's economic growth and said that the country deserves to be called a 'bright spot on an otherwise dark horizon'.

Recently, S&P said that India may escape the brunt of global recession as it was never coupled fully with the global economy, and so is relatively independent of global markets. A lot, however, depends on how global fund flows behave, in case there is a recession in the US and Europe. Raghuram Rajan, former governor, RBI, also feels that the Indian economy may escape with 'minor cuts'.

But, according to other economists, the possibility of a downside is very much there, reflecting a weaker-than-expected outturn in the second and third quarters and more subdued external demand. Global drags, such as elevated crude prices, shrinking corporate profitability, tight monetary policies, aggressive rate hikes, recession

fears, inflation and diminishing global growth prospects will weigh on India's growth outlook. The slowing growth in our industrial output and exports backs this prognosis.

"While the ongoing broad-basing of domestic economic activity is supportive, the key risks are slowing global growth, which would curb India's exports and create uncertainty in private capex plans," says Dharmakirti Joshi, chief economist, CRISIL. "These would put downward pressure on our GDP growth".

Even as the economy has recovered to its pre-Covid level, large parts continue to be mired in stress. For instance, micro, small and medium enterprises continue to struggle. An indication of this is that 16.4 per cent of those who availed credit under the Emergency Credit Line Guarantee Scheme of the government defaulted and have not been able to repay their obligations owing to financial difficulties. This is a sector which the government and most economists have glossed over in their assessments of the state of the economy.

Considering that MSMEs employ a sizeable section of the labour force, their continuing struggles are bound to affect labour market prospects. In fact, as per the latest periodic labour force survey, the labour force participation rate in urban areas is lower than pre-Covid levels, while in rural areas, wage growth continues to be subdued indicating labour market slack.

Significant slowdowns

In recent months, our economic growth figures have begun reflecting the significant slowdowns evident in the largest economies -- a US GDP contraction in the first half of 2022, a euro area contraction in the second half of 2022 and prolonged Covid-19 outbreaks and lockdowns in China, with a growing property sector crisis. This was evident in the first-quarter GDP figures where growth was 13.5 per cent against the 16-18 per cent being projected earlier.

Global growth is forecast to slow from 6.0 per cent in 2021 to 3.2 per



Sitharaman: India will stay on course

cent in 2022 and 2.7 per cent in 2023. This is the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the Covid-19 pandemic. As such, it may be difficult for India to totally stave off the spillover effects of crisis.

Till now, North Block had been sanguine about the situation, lulled by factors like an uptick in the April-June GDP growth and steady tax revenues with monthly GST collections averaging ₹1.48 lakh crore. On the external front, it was also drawing comfort from the moderation in commodity prices due to lower demand in the slowing global economy. But now, within the top levels of the government, there is a gnawing feeling that the cascading impact of a worse-than-anticipated global downturn may dent the budget arithmetic in the second half of the fiscal year.

The worry points are: pressure on the twin deficits (fiscal and current account); low if not negligible across-the-board private investment; distress in the MSME sector; and the dampening effect of the RBI's policy rate hikes on private consumption.

Global recession is round the corner, if not already here. According to authoritative estimates, more than a third of the global economy will contract in 2023, while the three largest economies -- the US, the EU and China -- will

continue to stall. "In short, the worst is yet to come, and for many people 2023 will feel like a recession," says Pierre-Olivier Gourinchas, the IMF's economic counsellor and head of research.

Even if India were to escape the full impact of a global recession, the risk of monetary, fiscal or financial policy miscalibration has risen sharply amid high uncertainty and growing fragilities. The road ahead is being paved with uncertainty by the lingering Russia-Ukraine conflict, a slowdown in China and what the IMF has termed a 'cost of living crisis' (so vividly manifest in the UK).

RSS rap

With a general election less than two years away, the Modi government has to handle the economic situation extra carefully. The RSS general secretary, Dattatreya Hosabale, who is possibly the heir apparent to the top position of sarsanghchalak of the RSS, has already sounded the alarm bells. He recently painted a grim picture of the nation's economy, highlighting worrying levels of poverty and unemployment.

The comments serve as an uncomfortable reality check for the Modi government as the RSS has, in the past, acted as a weather vane for BJP governments. That these statements have come at a time when the Congress leader Rahul Gandhi is getting some traction with the people through his Bharat Jodo Yatra is no coincidence. The idea is clear: to ensure that, in an era of inflation, the RSS and the BJP don't pay too high a price.

Buy when there
is blood in the
streets

Baron Rothschild
18th century banker



Georgieva: India is a bright spot on an otherwise dark horizon

But, while the RSS would like the government to tackle poverty and unemployment, can this be done without taking liberties with the defined fiscal target? In February 2022, Sitharaman proposed a glide path to bring down fiscal deficit to 4.5 per cent of GDP by 2025-26. For Budget 2022-23, the fiscal deficit was estimated to be 6.4 per cent of the GDP. For 2021-22, the it was revised to 6.9 per cent, against 6.8 per cent projected in the budget estimates. Sitharaman says that the government remains committed to the glide path and has not strayed from it.

Subsidy spoiler

However, notwithstanding the healthy growth in tax revenues and collections from other levies such as the windfall taxes on domestic crude oil production, there are concerns that a higher subsidy outgo will pose upside risks to the fiscal deficit target. In the budget, for instance, the food subsidy had been pegged at ₹2.06 lakh crore, while the fertiliser subsidy has been budgeted at ₹1.05 lakh crore. However, considering the extension of the free food scheme, and higher prices of fertilisers and their inputs post the Russia-Ukraine conflict, it is likely that the subsidy outgo of the government will exceed the budgeted allocations significantly.

Also, a high interest rate regime means that the government's fiscal deficit increases further due to a higher borrowing rate on G-Secs. If the government cuts down on fuel tax to tame inflation, this will further

decrease revenues.

In fact, Sitharaman admitted in Washington DC on the sidelines of the IMF-WB meet that availability of fertilisers is an issue. "Our soil is fairly fatigued in some parts," she said. "Last year, we gave 10x the price for imports. Farmers need fertilisers at an affordable price, and we can't raise the price. The government has footed the entire fertiliser price increases," she said. All this could make it challenging to meet the fiscal deficit target of 6.4 per cent.

Indeed, Sitharaman has several worries to tackle. Driven by rising food prices, retail inflation accelerated to 7.41 per cent in September, the fastest pace in five months. Inflation has been eating into household budgets. A major part of consumer inflation is due to rising global oil prices, of which India is a net importer. There is limited wiggle room for the government, despite all the hype of cheaper imports from Russia.

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Inflation

Oil is the ideal fuel for inflation. The inflation number has now stayed well above the RBI's upper tolerance band for the ninth straight month. This is likely to pressure the RBI to intensify its interest rates hikes.

Aditi Nayar of ICRA, adds, "The excessive rainfall in early October 2022 may adversely impact the kharif harvest and delay rabi sowing, thereby posing a material upside risk to the food inflation outlook. However, the impact of the same on the y-o-y food inflation prints is likely to be partly mollified by the high base that lies ahead for H2 2022-23."

Indeed, unseasonal rains have pushed up the prices of vegetables which are expected to remain firm till November. According to traders, tomatoes have become costlier by more than 50 per cent in retail markets since the beginning of this month. Traders expect onion prices to go up to 40-50 per cent as heavy rains have damaged stocks in Maharashtra. Unseasonal rains in Uttar Pradesh have damaged the potatoes that are harvested early and

delayed the sowing of the late variety. Prices of the tuber may increase by ₹7-8 a kg before the new crop arrives in the market.

To tame inflation, the Reserve Bank of India's Monetary Policy Committee (MPC) has hiked the repo rate by 190 basis points

since March, 50 points alone coming in its policy statement on 30 September. With the latest increase, the rate currently stands at 5.9 per cent.

Falling rupee

Then there is the falling rupee. About 10 per cent depreciation of India's rupee

**Interest rates
act as gravity for
stock prices**

Warren Buffet

against the dollar this year has made imports costlier for consumers and businesses. Pressures are also visible in imported fertilisers, a key component in agriculture — which makes for nearly a sixth of our economy and about 42 per cent of the employed workforce. On top of that, as per the latest National Statistical Office (NSO) data, industrial growth, as measured by the Index of Industrial Production, has contracted 0.8 per cent in August, as against 2.4 per cent in July.

As per the bureaucratic copybook, which successive FMs have followed of late, these concerns will now guide the finance ministry's formulations in the framing of the union budget which is to be unveiled three months ahead. During a fireside chat on 'India's Economic Prospects and Role in the World Economy' at the Brookings Institution which coincided with the WB-IMF meet in Washington, DC, Sitharaman said, "Growth priorities will be kept absolutely on the top for the upcoming Budget 2023. Inflation concerns will have to be addressed, which will be the point of balance." It is now being said that these comments hold clues on what to expect when she stands up for the Budget speech on 1 February.

The government has kicked off its annual Budget-making exercise for 2023-24 on 10 October and would look for ways of reviving growth amid a gloomy global outlook. The meeting started with consultations with various ministries and departments on the revised estimates of expenditure for the ongoing fiscal year and the fund requirement for 2023-24. The month-long deliberations would end on 10 November.

Budget talks

The period which follows the ministerial consultations is important because it is then that the FM engages with stakeholders like India Inc.etc. In fleshing out her new budgetary proposals, Sitharaman must remember that India will not continue to attract investors simply because it is doing better than its peers, who are more seriously caught up in the global volatility. India has a long way to go towards building infrastructure and enacting reforms that can attract foreign investors, many of whom still find it challenging to do business in the country.



Rajan: Indian economy may escape with 'minor cuts'

There are ideas galore about what Sitharaman can do. Pierre-Olivier Gourinchas of the IMF says that, while the government has undertaken a number of reforms, it needs to unleash reforms not just to stabilise growth but also unleash the economy's full potential. "There is a range of areas where, you know, public infrastructure broadly defined, not just in terms of buildings and roads, but also investing in human, investing in people and human capital, health, education, etc. is going to help the economy really, really grow very fast

on a continuous basis," he says.

In the aftermath of the first wave of Covid-19, experts had felt the need to invest in digital infra to bridge the divide. Janmejaya Sinha, chairman, BCG India, had even suggested that the government must introduce a new paradigm, where every Indian has a smart phone with easy access to data. As the experience of the Covid lockdown showed, a smartphone permitted access to health care, goods & services, digital payments, re-skilling and education. Those who had smartphones were advantaged; those who didn't suffered. For the idea to succeed, smart phones could be given free or perhaps subsidised.

Digital education, which can be a powerful lever in reducing educational inequality in the medium-term, should be promoted. Another suggestion was that the government and industry should become paperless. A simple start would be if paper was removed from all bureaucratic offices and all related work done digitally. Some work was done but the ideas remained incomplete.

While the climate crisis has now become part of a green economy agenda, more needs to be done. Why not now push for a fossil-free, renewable electricity system in the budget?

Jobs

At this point, India needs a budget which can deflate the headwinds that



Gourinchas: the worst is yet to come



Hosabale: sounding alarm bells

are being felt now. The looming global recession fears and high energy prices can lead to a higher unemployment rate which fell to the lowest in more than four years in September at 6.43 per cent. But this point coincides with the festival season, when many find jobs. And, it came after a record surge of 8.3 per cent in the unemployment rate in August.

This appears to have lulled the government into complacency and the FM isn't unduly worried about jobs. "Employees' Provident Fund Organisation (EPFO) enrolments have doubled in the last quarter, indicating that employment has doubled," the FM said, adding that the data collected so far relied only on surveys and approximations.

"I want to recognise that there is a lot of reshaping, recasting that's happening in the Indian economy," she added. "Good churn happening in the Indian economy, nature of employment is being speedily ramped up". Of late, the Modi government has been emphasizing on the formalisation of jobs. So time and again, the EPFO data is cited by ministers and officials to show an increase in formal jobs.

However, a large number of Indians work on farms or have 'informal' jobs. The trend there has been different from the data visible at the EPFO. In the last Budget, when questioned about the bulk of India's employment outside the formal sector, the government said it was relying on building infrastructure as a primary source of job creation.

That emphasis may continue. "For the economy to revive, we need asset creation. This has a multiplier impact," the FM said in Washington, adding, "We have understood the virtue of spending on asset creation, including via borrowing."

The government has also announced the Gati Shakti initiative in the Budget 2022-23. The Budget also proposed a Unified Logistics Interface Platform for data exchange among various operators through APIs to achieve regulatory and operational streamlining. The National Logistics Policy was recently unveiled by Prime Minister Narendra Modi. Apart from this, investments in the infrastructure sector were also announced.

Infra spend

This focus on and growth of infrastructure will cost a lot of money, and Sitharaman has promised to spend within the means. Apart from taxation and borrowing, the other source of funds has been disinvestment or the sale of government shares in public companies. "No sector is reserved for the public sector anymore – this was my budget announcement," FM said. "Only in four areas the public sector will maintain a minimum presence. For example, in the telecom sector, only one public sector unit may remain. Others will be amalgamated or privatised," she said.

The government had set its divestment target for 2022-23 at a modest ₹65,000 crore, after reducing the target

by more than 55 per cent to ₹78,000 crore for 2021-22. For 2022-23, the government has raised a little over ₹24,500 crore so far.

After likely losing the tag to Saudi Arabia this year, the IMF expects India to become the fastest growing major economy in the world again next year. If that happens, the Modi government's publicity machinery will go on the overdrive at defying the global trend. But private forecasters such as Nomura believe policy makers' optimism about 2023-24 prospects may be misplaced as the ripple effects of global downturn may be underestimated, and growth could well slip to 5.2 per cent.

Either way, relative prosperity compared to the world alone will not suffice. India needs to not only grow significantly faster than its faltering pre-pandemic trajectory but also deliver better quality growth that is inclusive and meets the aspirations of millions of its youth who constitute its demographic dividend. The country has only a small window now to cash in on this sweet spot. Currently, given India's low per capita income, the sustained surge in prices has hit most households' spending capacity, and could even cramp their ability to invest in the next generation's education. Already, the assertions by sundry ministers that India had managed to rein in inflation and it is not a priority concern may have been premature, as August and September witnessed resurgence in price rise from July's minor relief of 6.71 per cent after staying above 7 per cent in the first quarter.

That is why the government, Sitharaman in particular, needs to work diligently on Budget 2023-24 and deftly navigate the second half of this year. India may be doing better than the rest of the world. But is the recovery good enough? Sunil Subramaniam, MD & CEO, Sundaram Mutual, recently paraphrased Raghuram Rajan's assessment made several months ago, "I would feel that, in the land of the blind, a one-eyed man is king and that is the status of India today." That could just about sum up the story. Sitharaman needs to prove the thesis wrong. ♦

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Making of White Revolution 2.0



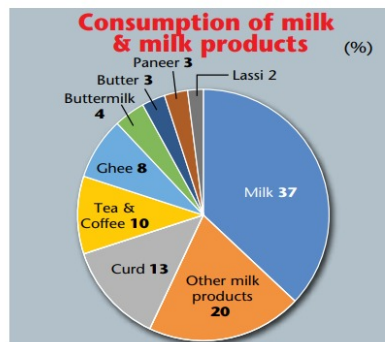
The country may be witnessing the beginning of an explosive growth spell in dairy business

The four-day (12-15 September) World Dairy Summit at Greater Noida Expo had all the trappings of a grand, global show. Returning to India after a gap of 48 years, the summit was inaugurated by the Prime Minister, and nearly half a dozen cabinet ministers (UP chief minister Yogi Adityanath also appeared twice on the inaugural day) were present, participating in different sessions, discussing and debating the future of the global dairy business and India's possible role in it with the delegates from 50 countries.

Adding to the grandeur of the show was nearly 7,000 sq m of exhibition space on the ground floor displaying the best in products, machinery and technology in the dairy business. The overwhelming presence of regional players (unknown names, mostly) was a special attraction which was further magnified by the participation of hundreds of dairy farmers (in colourful attire) affiliated with different cooperatives in the country. The corridor space between the

conference rooms on the second floor further added to the appeal – all those passing by inevitably had a glimpse of canvas board presentations placed there explaining defining research and development drives currently underway across the dairy business.

It would not be an exaggeration to say that for four days, Greater Noida expo became a microcosm for the global dairy sector. And at the end of it, there were some critical takeaways



vis-à-vis the inflationary pressure on the global dairy sector, the need to usher in an era of sustainable dairy models attuned to the global go green drive, the required technological intervention for productivity enhancement, ensuring better qualitative inputs available for the sector in the coming years, making value added products a more robust component of the global dairy industry, etc.

However, the biggest takeaway for most observers and participants was something else. It pertained to what India, the undisputed leader in global milk production, will do in the coming years to lead the dairy sector. Having reached the commanding pole position thanks to the white revolution initiated in the 1960s, will it be driving a new version in the coming decades? The good news, from people acquainted with the business, either from India or the global dairy arena, is a resounding 'yes'. Even as some critical challenges are clearly visible along the way, the Indian Dairy Sector undoubtedly appears to be filled with an unmatched sense of confidence to

"We are chasing new goals"

Business India caught up with NDDB Chairman **Meenesh Shah** on the sidelines of the World Dairy Summit last month in Greater Noida. He explained the different dimensions of the new growth wave for the Indian dairy sector. Edited excerpts...

The stakeholders who have gathered here are convinced that the growth momentum in the Indian dairy sector will get more robust in the medium to long term. But in your reckoning, what could be some unforeseen spoilers?

A strong unforeseen spoiler I could think of is the younger generation deciding not to participate in animal husbandry practices and businesses. So, you need to convince them and make them aware that it is a profitable activity. You have to tell them it can be pursued like any other white-collar job.

Have you noticed some preliminary trends pointing in the direction of the apprehensions you have expressed? At the grass-roots level?

We keep on carrying out different surveys from time to time. And this is a trend which has been noticed.

In your presentation here at the summit, you have pointed at regulatory challenges and issues in the professional management of dairy businesses. What are your precise concerns?

These challenges are specific in the context of cooperatives.

People working in the dairy sector are aware of it; professional management is a must. If you don't have the right people in the right positions, it will become difficult to run the operations in a way that is sustainable and profitable. We have seen some states which have just passed on orders to ban recruitment for a few years. You can't run your organisation without qualified people in crucial positions like marketing manager or processing manager. Another challenge which I find becoming quite pertinent now is the reforms in the cooperatives. Cooperatives are a state subject and there are divergent views between some states and the Centre in terms of future reforms for the sector. We all have to sit together and decide which reforms are good for the sector. If there are differences in opinion on issues like procurement procedures, purchases made in the cooperatives, or recruitment in the right positions, etc they need to be resolved in the interest of the success of the cooperatives.

You spoke about the value of the dairy business in India more than doubling in the next 5 years – from ₹13 trillion to ₹30 trillion by 2027. Will the inflationary

pressure resulting in higher prices for the consumer play a role in this?

It would mainly be volume enhancement driving that kind of growth. It will also be because of the change in products because you will have more value-added products in the portfolio. And, of course, the third will be inflation and increasing prices. But I think an increase in prices will be a small component as compared to the growth in milk production and also a change in the product portfolio.

NDDB has been at the fulcrum of the dairy industry's growth in this country for the last five decades. Now we are talking about White Revolution 2.0. How do you envisage your role in it; how would your future actions be different from what you have done in the past?

It won't be radically different but I strongly believe that change is the only constant factor. What we have achieved is history. You simply can't rest on your past laurels. We have new goals now. We want to reach out to more farmers and help them beyond dairy. We now want to help them develop expertise in multiple commodities. In the past, we were involved in edible oil in a big way. We were atmanirbhar in it at one point in time and now we are exporting 60 per cent of our requirements. NDDB clearly can have a role here. Our new approach is simple: whatever we have learnt in



the dairy value chain – based on that learning we are trying to develop similar expertise in other commodities as well.

We have unmatched strength in liquid milk production. Could we have similar global positioning in value-added products as well at some stage?

Why not? There is no doubt in my mind that it will happen. If you look at Mozzarella cheese, we can develop expertise here because it is made of buffalo milk and India is blessed with buffalos.

Do we have new milk clusters coming up in different pockets in the country?

Yes, it is a continuous process. What we have also noticed is that once you provide markets to farmers, they immediately increase their production. This is a very encouraging sign. ♦

successfully roll out White Revolution 2.0 which will have some interesting sub-plots including making the value-added dairy products (VADP) segment more robust vis-à-vis the current stronghold in liquid milk. "What you define as a White Revolution is actually a process of continuous evolution... We see a big vision for the

further development of this sector in India and that's quite encouraging," commented Caroline Emond, Director General, International Dairy Federation (IDF).

Undisputed leadership

The dominant positioning of dairy in India's food production basket is

evident by the repeated assertion of Prime Minister Narendra Modi in the recent past that it has now become bigger than the wheat and paddy business in the country. "Today, India is the world's largest producer of milk. When the livelihood of crores of farmers depends on milk, India produces milk worth ₹8.5 lakh crore annually;



Sodhi: India's share in the global dairy output will shoot up significantly in the coming years

many people, including big economists, do not pay attention to this... even the turnover of wheat and rice is not equal to ₹8.5 lakh crore," the prime minister said while addressing a gathering at Diyodar in Banaskantha district after inaugurating the new dairy complex of the Banas Dairy in April this year. And at the Dairy Summit, he once again emphasised this point before the foreign delegates, pointing out that dairy is not merely any other business but rather part of the basic DNA of a transforming India. "Unlike other developed countries of the world, small farmers are the driving force of the dairy sector in India. India's dairy sector is characterised by 'production by the masses' rather than 'mass production'. Most farmers associated with the dairy sector in India have either one animal, two cattle or three cattle. Due to the hard work of these small farmers and their livestock, India today is the largest milk producing country in the

whole world."

Statistics underline India's supremacy in dairy in no uncertain terms. Production has escalated and resulted in various socio-economic changes as well. A movement that had started with Operation Flood in the 1960s, spearheaded by the legendary Verghese Kurien and consolidated by the constitution of the National Dairy Development Board (NDDB) has created an ecosystem which comprises a vast galaxy of cooperatives, private firms and millions of farmers, bringing them together in a business which is beneficial for all.

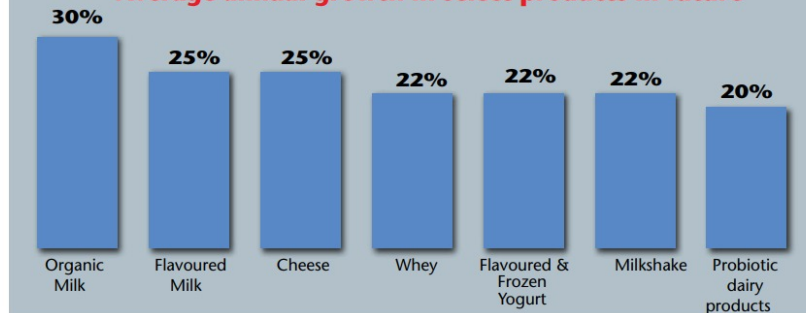
As per ICRA's annual report on the Indian dairy sector released late last year, the country is a clear market leader in global milk production, accounting for 22 per cent of the global milk production in FY2022. India's milk production rose by 5.7 per cent to 198 million metric tonnes (MMT) in FY2020 and is estimated

to have grown by 5 per cent to 208 MMT in FY2021. Around 1950, India was producing 17 million tonnes and this grew at a slow pace for the first two decades after independence. But since 1971, there has been a tremendous decadal jump (see graph: milk production in India).

Globally, in terms of the nearest rival in volume production, the second slot goes to the EU region which contributes 20 per cent of the global output while the US occupies third slot at 11 per cent market share (see graph). India has witnessed a healthy CAGR of 6 per cent over FY2013-20 supported by government initiatives for the dairy sector, increasing the bovine population and yields and capacity addition by organised players to expand the milk production network and penetration, says the report. Out of the total milk produced in the country, 45-47 per cent is consumed by families of the producers while the remaining is sold in the market. Cow's milk is the dominant variety of total milk production, accounting for a hefty 80 per cent. Another analysis points out that India leads the world dairy sector with a 6 per cent growth which is three times the global growth, along with per capita availability of 427 grams per day. In India, milk is mainly produced by small and marginal dairy farmers with an average herd size of 2-3 animals and the country has a diverse genetic pool of magnificent indigenous cattle and buffalo breeds – 193 million cattle and about 110 million buffaloes, the largest genetic pool in the world.

The presentation made by the NDDB chairman Meenesh Shah at the summit specifically underlined the socio-economic growth dimensions of the dairy business.

Average annual growth in select products in future



Milk production in India (in million tonnes)



The sector provides direct employment to more than 80 million rural households. More importantly, distribution of animals is more equitable than that of agricultural land. Marginal and small farmers constitute 81 per cent of rural households. But while they own only 58 per cent of the total agricultural land nationally, their ownership of total female bovines is much higher, at 82 per cent. Analysts point at the healthy competition in the organised sector (accounting for 26 per cent of the output). The country today boasts of a slew of very strong regional brands – both cooperatives and private firms. Brands like Amul, Nestle and Mother Dairy enjoy a national presence. Nandini (also called the Amul of South India), Aavin, Hatsun, Verka, Saras, Sudha, Milma, Vita, Gokul, Heritage, Dodla Dairy, Gyan Dairy, Paras Dairy, etc are some noted brands with specific regional strongholds in the country. The bigger private brands and cooperatives also enjoy healthy collaboration wherein the former contracts the latter for regular supplies and ensures that collection centres, etc are close to production points.

VADP outpacing liquid milk

There is a popular saying within the dairy industry – business comes of age when your consumers begin to eat rather than drink milk. The meaning is simple. As global experience shows, the dairy market is believed to skip to a different stratosphere when value



Emond: big vision for development

added products become as robust as liquid milk since this results in more margins to producers and sellers. The EU's share in production, as an analyst points out, may be lower than that of India. But in a cumulative sense, the output value is higher.

The good news for India is that its VADP segment has begun to show robust growth trends, outpacing the usual uptick in the plain, vanilla, liquid milk business segment. According to the NDDDB chairman's presentation made at WDF, the growth jump in the sales of some value-added products has been astonishing in 2021-22

as compared to the previous year of 2020-21. 2021-22 was the year when the world at large had begun coming out of Corona and there was a tremendous surge in the demand for products, considering the perception about their immunity boosting attributes. The growth rate of liquid milk (maintaining a CAGR trajectory of 5-6 per cent before the Corona years) had almost doubled, shooting up to 13 per cent. But that of popular value-added products was much higher – cheese (27 per cent), flavoured and frozen yoghurts (18 per cent), butter and ghee (11 per cent), probiotic dairy products, cream (17 per cent), whey (22 per cent) and ice cream (17 per cent). And considering the demand trends, the growth in these segments in the near to medium run is expected to continue – 20 per cent or even more (refer to the gfx-average annual growth in select products in the future).

The NDDDB paper points to a host of triggers for the projected jump in specific value-added segments. For instance, future growth in the cheese market will be driven by the growth in the HORECA segment and increase in Quick Service Restaurants. Health considerations will propel Gen Z consumers to show a preference for probiotic dairy, yoghurt, whey, milkshake, and flavoured milk. Flavoured milk and its widespread availability, has already begun giving tough competition to other beverages such as aerated soft drinks.

Experts also point to the fact that





Production by the masses: small farmers are the driving force of the dairy sector in India

VADP's growth in the recent past has been higher than expected. And the big boys of the game seem to be making the most of this emerging opportunity. "VADPs, which form around 34-36 per cent of the organised Indian dairy industry revenues, witnessed a YoY growth of 18-20 per cent in FY22 according to the ICRA sample set of four large private dairy companies. This was driven by demand recovery across both retail and institutional segments. Due to the early onset of the summer season and the limited impact of the third wave of the pandemic, growth in the VADP segment was higher than ICRA's estimate of 13-15 per cent," Sheetal Sharad, Vice-President and Sector Head, ICRA, said recently after the research agency issued a report on the recent performance of the Indian dairy sector in August.

Players in the industry confirm that aligning with VADP is now the leading motive of all organised players who are well established in the market. "Our current VADP portfolio comprises over 20 per cent of our total output. We are looking at doubling this ratio in the not-so-distant future," says a senior official of Sudha Dairy, a Bihar based leading dairy cooperative which is rapidly expanding in neighbouring states. Hyderabad-based Sid's Farm is another case in point. The six-year-old firm predominantly deals in probiotic milk. "Even as the price of our milk is

slightly higher, I am noticing a growing demand. A clear trend for everybody in this business now is to move beyond simple liquid milk and make a mark in VADP where competition even at the regional level will become stiff more rapidly than you would expect," says Kishore Indukuri, Founder and CEO, Sid's Farm.

Soaring ambition

Having reached a comfortable leadership position in the global dairy business and now developing strength in milk derivatives, the government is convinced that this is an opportune moment to proceed to the next level. "We should aim to become a reliable supplier of milk to the entire world. Our product should be good in quality and cost-competitive," Union Home Minister Amit Shah said at the World Dairy Summit while emphasising that the strong cooperative structure which dominates the Indian dairy landscape, is a huge asset and the government plans to give it a further boost. "In countries around the world, farmers get only 40-50 per cent of the profits from milk production in the dairy industry, but in India, dairy cooperatives deposit 70 per cent of the consumer price in the bank accounts of the milk producing farmers, which is a great achievement. We have two-lakh villages where dairy cooperatives are functional. We want our

dairy cooperatives to further expand and include two-lakh more villages in the coming years," he further added. As per an estimate, the total milk output in India would shoot up to around 600 million tonnes in the next 25 years from the current level of 210 million tonnes.

Analysts will tell you that the government's big-ticket ambition is not impractical. The 'direct payment to farmers' (mostly as members of cooperatives) mechanism has turned out to be a huge asset in endearing the dairy business to farmers. "It often happens that you set up a collection centre with a specific time-bound target in some place. But your target would be met much before the deadline. The dairy farmers in the location would buy more animals the moment they know that their incremental sales are assured," points out Meenesh Shah. Bankers, including the new age fintech firms confirm that when it comes to lending to rural enterprises, the exposure to the dairy sector is the highest. "We have been operating in the rural pockets of five states in the country for the last six years and have lent to the tune of ₹300 crore so far. Out of this, the share of the dairy sector is a hefty 65 per cent. From our experience, I can tell you that dairy is the leading business in rural India," observes Mayur Modi, CEO, Moneybox Finance.

Analysts point to a slew of policy provisions which are in place to usher in the next version of the white revolution. These include – National Livestock Mission (launched in 2014 to ensure breed development, feed and fodder development); National Disease Control Programme (with an allocation of ₹13,330 crore to save animals from diseases by vaccination between 2020-24); Rashtriya Gokul Mission (encouraging artificial insemination in 600 districts for better bovine breeding); easy capital access to the cooperatives by way of a dedicated Dairy Infrastructure Development Fund and allowing dairy farmers to take advantage of the benefits of the Kisan Credit Card Scheme.

Dairy industry stakeholders point to another interesting trend which is playing out in the marketplace – the increasing competition among states to emerge as new dairy powerhouses in a structural sense. While Gujarat may



Cooperative farmers at the summit: Dairy is the growth engine of rural economy

appear to be the dairy capital of India, in terms of output it is fifth (UP, Rajasthan, MP and Andhra Pradesh produce more). But through better cooperative management and collaboration among the key stakeholders, it appears to be leading the show. Marketmen say some other states are now trying to expeditiously build scale in the organised dairy business. A proof of this trend became apparent from a comment by Yogi Adityanath, Chief Minister of UP at the Summit. "UP is determined to give a major push to dairy cooperatives. In 2019, we created Balinee Milk Cooperative which has turned out to be a major success benefitting 41,000 farmers in 795 villages who are producing 1.35 lakh litres daily. We have planned similar clusters in five more places," he said. In addition, NDDB on its part is now involved in giving a big-ticket push to micro units called MPOs (milk producing organisations) at several pockets in the country, not to forget scores of cooperatives in different states. Some of the MPOs facilitated by it have begun turning heads with their operational excellence. Shreeja (Tirupati), Sakhi (Alwar), Asha (Udaipur), Paayas and Maahi in Gujarat are some noted emerging entities (mostly governed by women) under the MPC programme.

Based on these equations, industry leaders are forecasting a massive jump in the dairy business. "The annual value of Indian dairy business is close to ₹1 lakh crore and given the demand trends, it may reach close to ₹30 lakh crore in the next five years. We may be

entering in our most explosive growth spell," says NDDB chairman Shah. "The way I look at the long-term trend, India's share in the global dairy output may well shoot up to over 40 per cent by the time we celebrate our 100th independence anniversary. By then, 80-85 per cent of our consumption would be domestic and we would be exporting the remaining," underlines R S Sodhi, MD of Amul, the flagbearer of India's organised dairy business which is now earning (₹60,000 crore) more than the leading FMCG brands in the country.

The challenges

There is a long list of structural and operational challenges which, as research analysts point out, industry players will have to grapple with. These include: chronic scarcity of fodder and higher feed prices, milk quality issues, inadequate cold chain and high transportation costs, lower milk productivity of indigenous cattle, etc. The emergence of the climate change issue as the major concern of the century could be another spoiler as there are empirical studies in the West observing that rise in temperatures affects animal productivity. "The main challenge for the Indian dairy sector would be to increase productivity to reduce cost. We will need to bring in more supply chain efficiency. In dairy, after milk production, there are two kinds of serious cost heads – energy and packaging. Our processing plants will have to be more energy-efficient and closer to consumption centres," Sodhi

underlines. Industry stakeholders are, however, confident these issues will be deftly handled, given the government's favourable policy approach, the new growth momentum created by the VADP segment and better collaboration across the value chain.

Incidentally, the entire global dairy sector is currently bearing the brunt of inflationary pressure (in many developed markets, prices are rising as a result of energy costs) and the scene is no different in India where the leading players have increased prices three times since the beginning of the year. As per a research paper, there has been a steady upward movement in the prices of milk in recent years – the average retail price of liquid milk in the country has moved up from ₹43.4 per litre in Q1, FY19 to ₹50.5 in Q4, FY22. In the same period, the procurement price went up from ₹25.8 to ₹34 per litre. And, according to a global expert who participated in the World Dairy Summit, the cost pressure will continue to mount in the medium run due to geopolitical reasons as well as additional expenditure which the sector may have to bear as a consequence of shifting to sustainable farming modalities – this will act as an antidote to the climate change effect. And this would be a sweeping trend. The message Indian consumers can take from this is: get ready to pay more to relish the offerings of White Revolution 2.0 in the coming years. ♦

RITWIK SINHA

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Turning around

Crown Worldwide has re-invented itself in the Indian market

*Krishnan:
expanding
operation in the
Indian market*

The Hong Kong-headquartered Crown Worldwide Group, offering a range of specialised logistics services and solutions across people re-location, corporate mobility, records management, workspace management and others, is ramping up its operations in the Indian market. Founded by James E Thompson (the current chairman of the group), the \$500-million privately-owned group, which originally started its journey in 1965 from Yokohama, Japan and subsequently moved to Hong Kong in 1978, has recently made big strides in India.

Though it entered India in 1996 and celebrated 25 years of presence in the country last year on 16 July, it was only during the last decade or so that the company was able to position itself strongly in the market, growing at a CAGR of 20 per cent. Pursuing new plans and strategies, Crown, over these years, has meticulously improved its solutions and integrated new-age technology and digitisation to address the ever-changing demands of the Indian market.

"As we celebrated our silver jubilee year of operations in India last year,

we decided to expand the digital capabilities of our business offerings across verticals to meet the changing times and make it even simpler for individuals and corporates to live, work, and do business anywhere in the world. This, along with our series of initiatives taken in the last few years, will help us expand our operation further in the Indian market which is showing a good deal of traction for specialised services and solutions," says Srinivas Krishnan, regional managing director, South Asia, Crown Worldwide Group

While globally the company, which has a presence in 50 countries with 275 facilities, is known primarily for its relocation and mobility-related solutions, in India Crown's business is led by its records management business where it manages secure storage and the retrieval of information in both physical and electronic format for corporates across multiple sectors. From being present in seven Indian cities in 2010, the company today is present in 13 cities where it has 21 offices/storage facilities for carrying out its record management services as

also other services across its other verticals.

Crown owns assets in three facilities (two in Chennai and one in Mumbai). The company, which employs around 400 people, is also looking at markets like Bengaluru and Gurugram where it wants to invest in building its own assets/warehousing/storage facilities. Besides, it is also looking at expanding its network in Tier II cities. Crown has earmarked around \$20-40 million in ramping up its facilities and infrastructure (across verticals) in a market where it is competing with global players like Writer, AGS, Santa Fe relocation, Pickfords, Star Relocation Newgen and Iron Mountains.

Apart from records management and relocations/mobility solutions, Crown has also expanded its offering in India by venturing into newer areas. In 2016, the company added a new vertical called Crown Fine Art where it provides specialist services for the planning, storage, installation and movement of fine art for museums, art galleries, auction houses and private collectors.

In 2019, another business was

launched under the brand Crown Workspace where it creates inspiring and productive working spaces. Under this business, it takes care of everything, from interior design and fitout, to relocation and storage, helping organisations to sustainably stay ahead of ever-evolving ways of working. In pursuit of further expanding and diversifying its offering, Crown in India is currently also evaluating the market for offering bespoke logistics services such as storing and managing wine collections. It is planning to set up a wine cellar in Bengaluru.

New plans and strategies

"Though we entered India over 25 years ago, we couldn't make much dent in the market in the initial years of our journey. But in the last decade or so we have formulated new plans and strategies which have helped us in consolidating our position in the market. We are ramping up our capabilities across verticals to leverage our offerings in this market which presents massive opportunities. Going forward, we will continue to maintain this momentum," says Krishnan.

Krishnan is known for his turnaround skills. He has been with the group since 1997. He joined Crown Worldwide Group's Indonesia operation as Financial Controller in August 1997. He turned around the business in less than a year. Consulted on several cost and control initiatives, he helped Indonesia win the award for top performer in the group in 2001. He was appointed as the Finance Director of the foreign subsidiary in 2004. In addition, he managed a feasibility study for an owned facility in Jakarta and facilitated a smooth changeover in management in 2007. Alongside, he played an active role in the integration of Lavanchy into Crown's fold in its Italian operation in 2000, assuming the role of an Interim Financial Controller.

Till 2010, Krishnan worked as a consultant to the APAC CEO, leading internal audit assignments for Philippines, Vietnam, China, India, and Russia. He was a corporate trainer for strategy mapping in Indonesia, Malaysia, Singapore, China, Vietnam, India, Thailand and advisor on various strategic initiatives in several APAC offices



Crown has earmarked around \$20-40 million in ramping up its facilities

and helped in the integration of new acquisitions in South Africa. In June 2010, he was promoted as Managing Director of Crown Worldwide Group's India operation and in 2012 got designated as the Managing Director, South Asia, where he has overall responsibility for India, Sri Lanka and Bangladesh.

Led by Krishnan, Crown Worldwide Group's India operation has also made a turnaround and has shown a good deal of traction in the last decade or so. Today, India, contributing over 6 per cent to global business, has emerged as one of the fastest growing markets for the group which is also emerging as a hub from where the group is executing its digital transition journey across other global markets.

The company's flagship business (in India) offers secure archiving and retrieval of information in physical and electronic formats, digital imaging, workflow automation, business process digitisation or automation solutions, media management and data destruction. The company has 12 facilities (warehouses/centres) in locations which apart from major cities include Ludhiana, Bhubaneswar, Chandigarh, Indore and Coimbatore.

Apart from physical storage of

records, Crown also help businesses in securing archiving and retrieval of information in electronic format, helping the workforce to work remotely. Crown's solutions allow companies to manage their workforce online – from trackers, to services like document digitisation and storage in online repositories, giving different departments instant access to the data they need. Solutions like Enterprise Content Management (ECM) systems and Document Management Systems (DMS) further help manage content, helping employees coordinate workflows and boosting productivity.

"Crown Records Management is a significant force in corporate information management. With impressive facilities available in multiple locations, we manage secure storage and the retrieval of information in both physical and electronic formats and thus help clients maximise the value of their corporate memory. We help solve problems. Whether that's rehousing priceless libraries, storing irreplaceable legal documents in climate-controlled conditions or reducing your organisation's exposure to data risk," explains Krishnan.

"With a presence in India for well over 25 years, we have been working

with financial services, healthcare, legal, manufacturing and pharmaceutical industries as well as many public sector organisations giving them the 'power of memory,'" adds he.

Crown's records management vertical has been offering its solutions to organisations like Indian Oil Corporation, Electrotherm India, Hikal, Sify Technologies, Biostadt India and Karamtara Engineering. In the case of Electrotherm India, Crown implemented an Electronic Document Management System that helped the client achieve efficiency in its accounts payable function, while in case of IOCL, the objective of engaging Crown's services was to digitise voluminous and unwieldy employee records. Similarly, in Sify, Crown helped to manage the ever-growing volume of documents; Karamtara engaged Crown's services to provide electronic document management solution across all their departments and locations; and Crown Records Management offered its extensive workflow solution to Biostadt.

"The key benefit of engaging Crown Records Management solutions is that all documents are available with one click. We can login in and get any document we want. We can also search documents in several ways and it is very easy to find them. There is also a workflow in place around invoice processing and it is so much easier to manage," says Manish Mishra, senior manager, treasury & accounts payable of Carlsberg India which engaged Crown's records management services.

Professional approach

"Since we have engaged Crown in April 2022, we are receiving excellent, consistent and quality support from their team, especially for the file management. Their approach is extremely professional and they have met all our demand in terms of time management, data support and so on," states S Rajkumar of Tata Motors Finance Ltd.

Under Crown World Mobility vertical, the company provides strategic assignment management, immigration and relocation services for multinationals and international organisations. Available in 53 countries, the company's experts help clients better manage their international



The company has 12 warehouses across the country

talent across the entire assignment lifecycle, helping them both enable and leverage a globally mobile workforce.

"Crown World Mobility excels at complete mobility programmes of every size and complexity, in one country or many, for a few employees or large teams. Our solutions scale to provide domestic or international services, self-service options through the full range of program management services. Uniquely, we deliver the majority of services in-house, augmented by a carefully managed supplier network," says Krishnan.

Crown's relocations vertical provides a range of services and expert guidance to people relocating internationally or domestically. It offers an array of services, covering everything from door-to-door transportation, secure storage, immigration, to 'settling in' support; all co-ordinated by dedicated move managers determined to make every relocation a success.

The group has doubled down on its commitments to sustainable development, with renewed investment across the group in more energy efficient technology and much more, underscoring its commitment to caring for both global and local environments. For the last five years, the group has been on a journey of discovery growing in diversity and inclusion. From launching its policy in 2016, to

holding focus groups with its senior leaders in 2020. In 2021, it changed from D&I to ED&I as it felt equality was also essential if it was to sustain a fair and ethical workplace.

"Crown is committed to making a positive difference in every community where it lives and works. That's why it oversees a wide-ranging CSR programme which support local and global charities, actively champions employee wellbeing and continually seeks to reduce its environmental footprint. We are also proud of our diverse and inclusive culture. This provides all our employees with a sense of belonging which allows them to reach their full potential, supported by our commitment to the United Nations Global Compact (UNGC) since 2005," says Krishnan.

Backed by its five verticals, Crown Worldwide is making its presence felt in the Indian market which, over the years, has undergone a big change in favour of these specialised logistics. In the last few years, the company has ramped up its capabilities to explore the opportunities in the market where it is trying to differentiate itself from competition through increasing adoption of technology and digital solutions. With all these developments in place, Crown is well placed to commence its next growth phase in India. ♦

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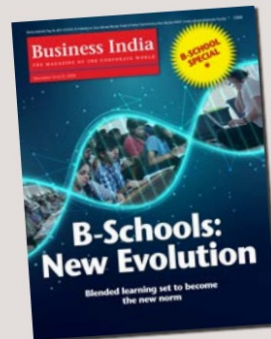
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THE MAGAZINE OF THE CORPORATE WORLD

INCISIVE ♦ CREDIBLE ♦ AUTHORITATIVE

Soaring higher

ixigo charted good growth during challenging times, focussing on innovative travel tech solutions



Kumar and Bajpai: our users get better information for making buying decisions

In the last three years, the Indian online travel agency (OTA) space has gone through some drastic changes. Travel industry was one of the worst affected sectors hit by Covid-19 and the fall in tourism impacted booking platforms globally. With many players facing a decline in their revenues, bookings and profits, the only outlier was ixigo, charting strong growth and profits in FY21 despite the challenges of Covid. ixigo maintained its growth and profit momentum in the first quarter of FY23. The company navigated the pandemic with 3.4 times growth in revenues from FY19 to FY22, emerging as the fastest growing OTA in India and the second biggest OTA in India in terms of operating revenues in Fiscal 2022.

ixigo has focussed on building product experiences based on cutting-edge technology to make travel a seamless experience in India. Post pandemic, as more people travel, ixigo's growth engines are firing up. This is the story of a company that has not just weathered

the storm of the pandemic, but is now cruising to success.

Launched in 2007 by Alok Bajpai and Rajnish Kumar, ixigo is a technology company focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. The travel platform makes this possible by leveraging artificial intelligence (AI), machine learning (ML) and data science-led innovations on ixigo's

OTA platforms, including websites and mobile applications. The company started off as a search engine for travellers who mainly used buses or trains. But ever since the firm got into ticketing, there has been no looking back.

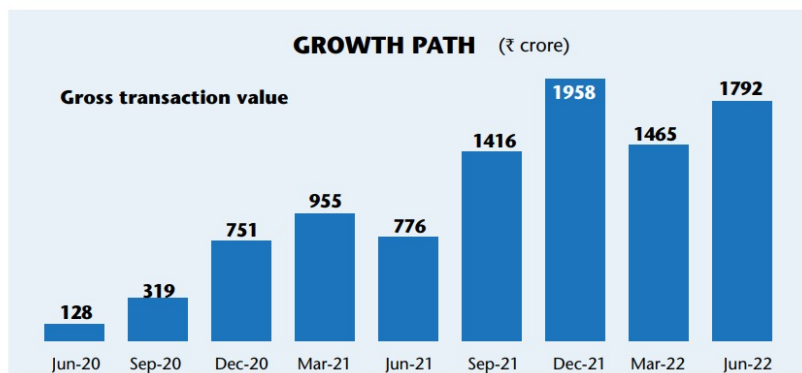
The 1997 batchmates of IIT Kanpur, Bajpai and Kumar, had earlier worked together at Madrid-based travel company Amadeus. Moving back to India, the duo had their eyes set on building an innovative product with a meta-search model, as they assumed it was more consumer-friendly. The intention was to build something more efficient than what was already out there in the market. That's when ixigo was born in 2007.

From search engine to OTA

"We have had an interesting journey from being a meta-search engine to evolving into an OTA. We started off as a content and utility platform allowing users to view and compare best possible deals and access additional functionalities like train running status, PNR status and other meta information.

Over time, we added the convenience of booking tickets for trains and flights, in addition to hotel and cab booking services, to foray into the OTA space. Today we are one of the most downloaded and most used travel apps among the prominent travel apps in the country," says Bajpai, co-founder & group CEO, ixigo.

The increase in internet and smartphone penetration played a big role in the initial stages as it added millions of first-time users from beyond Tier I cities for whom train travel was the most convenient option. Undoubtedly, the train travel segment provides a greater opportunity for volume growth, in



terms of the number of travellers, than the flight and hotel segment in India. It is only rivalled by the bus segment for higher volumes.

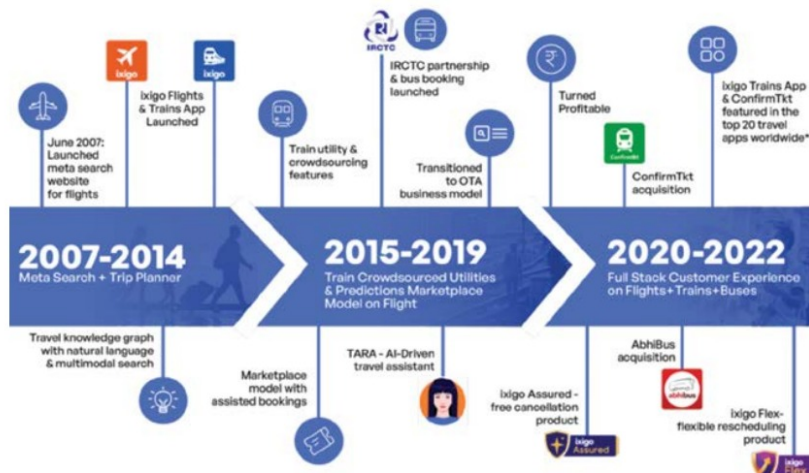
While other OTAs focused on airlines and hotels, ixigo chose to prioritise railways by providing useful intercity railway information to its customers. Through this, it gained word-of-mouth popularity between 2014 and 2018. The company realised the long-term potential of the next billion users by taking a deeper bet than incumbents on trains, a category in which it is now the market leader.

ixigo further launched innovative AI-based data-driven features, such as a multilingual UI, travel assistant (TARA), live running status, Siri shortcuts, and an AR feature, which allows train passengers to locate their coach positions at more than 7,000 railway stations across the country. These innovations caught the eyes of users and the app started gaining good traction in a short time. Later in 2017, ixigo started selling tickets as an additional service for IRCTC along with its existing travel offerings such as flights, buses and hotels. That saw ixigo become a complete 'one-stop-travel' solution platform.

Kumar, co-founder and group CPTO, ixigo, says that "one of the biggest advantages ixigo has is its product and tech intensity. We took bold bets on building a research team that worked on AI and data-driven predictive use cases such as train seat availability prediction, flight fare prediction and automated seat selection. Today these advanced algorithms and the millions of data points we feed into them every day ensure that our users get better information for making buying decisions".

ixigo is the OTA for the next billion users, with its focus on localised content and app features that aim at solving problems of Tier II/III travellers, with 95.26 per cent of its transactions in FY2022 driven by smaller towns and cities. The travel company has a deep penetration in the 'next billion user' market, which comprises users predominantly from Tier II and Tier III cities and rural India.

"We have been serving the next billion users for a while now. The initial users were a flight and hotel-centric audience, whereas the next billion were more of a train and bus-focused



audience – more utility-driven. We were one of the first companies back then to solve all their problems and concerns across planning, booking and travelling," says Bajpai, focussed on addressing travel-related issues, a fact reflected by 22.58 monthly average sessions per user per month in July 2022, which was the highest engagement among all OTAs in India in this period, according to a Frost & Sullivan (F&S) report.

ixigo also saw huge opportunities in ground transportation. In February 2021, the firm acquired ConfirmTkt, a fast-growing train-focused business, and together they became the number one OTA for train bookings in India with over 42 per cent market share among OTAs by the end of FY21. In August 2021, ixigo added another important leg to its next billion user growth story, through the acquisition of the bus business of AbhiBus. These new acquisitions are playing out well for the travel company as can be seen from the results of ConfirmTkt which has grown revenue by approximately 245 per cent during the year. With the AbhiBus acquisition, ixigo is now the second largest bus OTA in the country with a strong headroom for growth.

"We are committed as a team towards our joint vision of serving the underserved market segment of the next billion travellers in the country, for whom trains and buses are the primary modes of transportation. Together, we endeavour to drive more synergies in selling buses, trains, and

flights across the entire group to the next billion users from Tier II/III/IV towns in India," says Bajpai.

New milestones

As per data.ai (formerly App Annie), the app with maximum downloads for FY22 is ixigo (including ixigo Trains, ixigo Flights, ConfirmTkt and AbhiBus) with 46.12 million app downloads. ixigo is ahead of all other Indian OTA apps in this metric. ixigo group apps (ixigo Flights, ixigo Trains, ConfirmTkt and AbhiBus) have collectively seen the highest usage and engagement in July 2022 among all key OTA players and standalone transactional train mobile apps in India in terms of monthly active users, daily active users and monthly average sessions. "The company was also the fastest growing OTA in terms of app downloads, with 5.18 million monthly app downloads in July 2022, which were more monthly downloads than all other OTAs in that month," states the F&S report.

"We are proud of touching some new milestones when it comes to scale. We have also been able to improve conversion and cross-sell rates to monetise our large user base better, resulting in rapid growth in transactions and revenues," says Kumar pointing out that the company's financials have also charted growth despite two waves of Covid.

ixigo's navigated the pandemic with 3.4 times growth in revenues during Fiscal 2020-2022. The gross transaction value (GTV) net of discounts and

cancellations of ₹474 crore places ixigo on the second spot in the market with respect to the comparative GTV for FY22. The company managed to continue remaining adjusted EBITDA positive, with an adjusted EBITDA of ₹6.2 crore in FY22. Its entry into net positive numbers shows it will be one of the handful of profitable companies to hit the IPO market in the next few quarters.

"In terms of recovery, we were probably the fastest to not just recover but also exceed pre-Covid levels of transactions, traffic, revenue and GTV. It has been a tough 2 years for most travel businesses. If you look at our history and how we have built the company – we have been one of the more frugal and least funded players in the industry. We are also culturally a lot more aligned towards growing in difficult times. We have been very customer-focussed and we decided we are going to treat customers extremely well during Covid waves – instead of letting go of our employees, we hired more resources for our CX teams. We introduced traveller-friendly features like travel guidelines, ixigo Assured, etc. We have been serving the more resilient Tier II/III/IV traveller market which was impacted less by the pandemic and bounced back faster," says Bajpai.

Riding the new travel wave

Post Covid, there has been a surge in travel as people who have been confined to their homes for nearly 2 years have now started travelling with a vengeance. New carriers such as Akasa Airlines are making their presence felt.

Bajpai sees the entry of new airlines as an exciting, stimulating chapter for India's travel industry post the pandemic. "New airlines are bets on long term growth as overall penetration of around 11-12 crore passengers is still low as a percentage of population compared to other developed countries. Emergence of new airports in places such as Durbhanga and Jharsuguda as well as religious travel to places such as Shirdi and Deogarh will drive growth," says Bajpai.

The technology-focused company is now looking at ramping up operations for its next leg of growth by improving efficiencies in business processes and operations. The travel company is looking to raise ₹750 crore for organic and inorganic growth. ixigo has been



*Source: Company Information, Frost & Sullivan.
1. In terms of Consolidated Revenue from Operations and Gross Transaction Value in FY22.
2. Passenger Segments refer to total number of point to point passenger tickets booked between two cities, airports, train or bus stations, as applicable.
3. Frost & Sullivan. As of July 2022. **As of June 2022.
FY2022 numbers of the ixigo Group

continuously investing in technology using artificial intelligence, data science and machine learning to transform its travel information and crowd-sourced data in business intelligence in order to enhance its travel offerings.

One of its important solutions has been the rollout of its 100 per cent AI-driven, personalised travel assistant TARA, which is powered by deep learning. This differentiates it from the typical chatbots that are offered by other players. ixigo is also focusing on offering its users greater convenience and flexibility through the launch of value-added services. The travel company has recently launched its 'ixigo Flex' feature offering flyers fully flexible and freely reschedulable airline tickets starting at a nominal price point, giving users flexibility to reschedule their travel bookings if they wish to for any reason. In addition to rescheduling with ixigo Flex, the travel app also offers no questions asked, full refunds on all domestic flight bookings at a nominal charge through its feature 'ixigo Assured' which was launched in 2020.

ixigo's use of artificial intelligence, data science and machine learning to transform its travel information and crowd-sourced data into business intelligence has enhanced its travel offerings and improved its operating efficiency. The company is seeing faster growth as well as lower acquisition costs leading to more than 85 per cent of organic traffic every year (through non-paid customer acquisition channels). ixigo is spending lower amounts on customer acquisition cost, which has reduced from ₹94.95 per customer

in Fiscal 2020 to ₹84.22 per customer in Fiscal 2022 despite the year-on-year increase in new customers.

ixigo's multi-app strategy has also allowed it to differentiate itself from other players in the market. Unlike other OTAs, ixigo has separate apps to deal with trains, buses and flights, which allows it to focus on its rail and bus segment while keeping other facilities under its umbrella as well. Its multi-app strategy has allowed it to be relevant to both the most evolved Tier I travellers and the aspiring Tier II/III/IV travellers.

While the industry has faced some noteworthy headwinds, there are many indicators for recovery as well. Domestic travel, fuelled by revenge tourism in FY22, has aided the growth of the Indian hospitality and tourism industry. A decline in Covid cases, resumption of international flights from March 2022, strong leisure demand and rising corporate travel demand are positive factors that will lead to further growth in the sector.

"The size of the Indian travel market was worth ₹4.9 lakh crore for flights, hotels and buses in FY20. However, it was impacted by Covid-19 in FY21 and FY22. We expect it to make a full recovery by FY24, growing to ₹5.2 lakh crore. By FY25, we expect it to be ₹6.2 lakh crore, growing at a 39 per cent CAGR from FY22-FY25," points out Santosh Sinha, Axis Capital, in a report.

That's no doubt good news for one of the prominent brands in the OTA space, and should keep the winds in favour of ixigo over the long haul. ♦

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A whiff of uncertainty

Khaitans find it difficult to hold on to McLeod Russel



PHOTOS: SAI L ROSE

Khaitan: trying times

The Williamson Magor group-owned McLeod Russel India Limited (MRIL), the largest bulk tea producer in the country, has been in severe financial distress -- a classic example of being in a debt trap for excessive betting with one's fortune. The company had been lending to the ailing McNally Bharat Engineering -- a group company -- beyond its financial means and has ended up in a serious financial mess, with its debt today becoming larger than its total asset value.

MRIL has been struggling to work on restructuring debt with lenders for the last few years. The tea producer had defaulted on the repayment of the principal and interest to its lenders. To add to its woes, it is now facing the hostile takeover too.

Last month, Carbon Resources, a company which is not in the tea business, had sent a non-binding letter of intent to the lenders to acquire a controlling stake in the company. The offer came after Carbon Resources picked up over 5 per cent stake of the

tea company from the open market -- a move to gain confidence of the stakeholders of debt-laden tea major and show that it is keen to revive the company from the financial mess.

"We believe tea is a good business and entry into the tea segment with MRIL will be an ideal opportunity for us," says Abhinav Jalan, director, Carbon Resources, commenting on its plan to foray into the tea business. "MRIL has good assets in the industry; its problems are not related to tea business. We are ready to settle all the debts and manage the company efficiently." The Giridih (Jharkhand)-based ₹2,400 crore Carbon Resources group is a leading producer of critical carbonaceous raw materials and has its corporate office in Kolkata.

Carbon Resources has suggested an upfront payment of ₹1,245 crore to the creditors. "The secured creditors will get cent per cent dues, which is about ₹650 crore, while unsecured lenders would get ₹600 crore out of ₹1,100 crore -- they will need to take a 45 per cent haircut. This will be a

win-win situation for the lenders," says Jalan. ICICI, SBI, Indian Bank, Axis Bank, UCO Bank, Punjab National Bank, IndusInd Bank, RBL Bank, Yes Bank and HDFC Bank are the lenders to MRIL. The company's current debt stands at ₹1,700 crore. The Khaitans holds just over 6 per cent stake in the company and is vulnerable to takeover attempts.

Bad business judgement

Incidentally, earlier this year, the Khaitans had lost control of Eveready Industries, the country's largest dry cell battery-maker, to the Burmans, who own Dabur India. As and when the Khaitans had pledged their shares for funds, the Burmans have been scooping up Eveready shares from the market. In 2020, they became the largest shareholders of Eveready, as the Khaitans' shares, pledged with the banks, were sold in the market due to a breach in the loan agreement.

Similarly, in MRIL, Khaitans had borrowed heavily by pledging their shares to save the group's ailing engineering company McNally Bharat, engaged in turnkey solutions for infrastructure projects. According to an industry insider, some key senior management people, who had been running the day-to-day affairs of McNally Bharat, had misguided Aditya Khaitan, painting a rosy picture of the EPC industry and the over-ambitious Khaitan felt that infra could be the next business to be in for the group and started funding. It finally turned out to be a bad business judgement and dragged down MRIL. Last year, MRIL also escaped insolvency proceedings by clinching a settlement with Techno Electric over ₹100 crore inter-corporate deposits.

While the bidding for takeover from Carbon Resources had surprised the tea industry, there was a counter-offer from the largest orthodox tea producer M.K. Shah Exports, which extended support to the Khaitans. "Our offer is only to purchase

MRIL estates, which the current promoters and lenders of MRIL are comfortable divesting. We are not looking at distress purchase or trying to get a back-door entry," says Jaydeep Shah, director, M.K. Shah Exports.

Shah is prepared to invest ₹550 crore for buying MRIL's estates. He believes that the company can pare its debt significantly through this offer and support the ongoing restructuring plan. "MRIL is an institution with a rich history and we have over two decades of business relationship with the Khaitans, to the extent that we hold each other in high regard," adds Shah. The Mumbai-based M K Shah Exports has got several offers to buy gardens in Darjeeling, Assam and South India, but the company was interested to buy only MRIL's gardens. A majority of its gardens has come from the Khaitans over the years. Shah produces about 18.5 million kg of tea from its 13 estates in Assam and 1 million kg from its two estates in Congo, Africa.

"Growing tea is a delicate process," says a veteran tea planter. "It requires great amount of knowledge, involvement and dedication. It is difficult for a non-tea player with zero experience and commitment to grow quality tea". MRIL has created immense trust in the tea trading community. "Despite all the problems the company have been facing, the tea trading community continues to have faith in the Khaitans because of their ethical practices and transparency," says a senior executive of a tea company.

MRIL produces high quality tea, which commands a premium. It has involved a continuous process of modernisation and upgradation programme of its factories, which are among the most modern in the business and, with export markets in mind, conform to the strictest conditions set by the EU and American markets, such as no chemical pesticides, no stray germs, vacuum packing, no man handling the product, etc. As a quality producer, the company has been holding on even through the crisis period.



McLeod's estates produce high quality tea, which commands premium

It has been following all ethical practices and sustainable processes in tea manufacturing. Its gardens and the infrastructure created around it are ahead of what normally prevails in the industry and high calibre professionals under the leadership of the Khaitans have been managing the company. McLeod operates 33 gardens in India, including two in Bengal and 31 in Assam, producing about 44 million kg of tea.

Awaiting clearance

MRIL chairman Aditya Khaitan has informed the company's shareholders during its virtual annual general meeting held on 30 September that the banks have been supportive. "The banks have put in the terms of what the debt restructuring resolution should be," he says. "It is now awaiting the clearances of the rating agencies." The committee formed by the lenders have appointed credit rating agencies. But he has not mentioned anything about the offers from Carbon Resources and M K

Shah Exports during the AGM. When contacted, an MRIL director declined to offer any comments on the recent developments.

Neither Carbon Resources nor

M.K. Shah Exports has received any responses against their offers. "Lenders are happy with our offer," Jalan claims. "But we also see some reluctance, because they believe the promoter might litigate." The carbon product manufacturer is unhappy on the role of SBI Capital Markets, the adviser, to carve out a resolution plan and suggest a possible solution for recovery. Sources say that Carbon Resources is now preparing for a binding offer and is likely to announce it soon.

"It is too early to draw conclusions on the new acquirers of MRIL," says Pankaj Singhania, founder, Lakewater Advisors, an equity research firm in Kolkata. "The company holds rare assets that cannot be created or built in a short span of time. As demand for good tea is growing and I am sure a fresh offer soon be there, giving McLeod a real worth." The financial results of the company have become irrelevant now. In 2021-22, MRIL had reported a loss of ₹136 crore on a turnover of ₹1,108 crore.

The Khaitans are optimistic of the bankers' support in the debt restructuring resolution to a sustainable level, so that it can ward off the takeover attempt. However, the creditors will take the final call and, till such time, the fortunes of the Khaitans in MRIL will continue to be challenged. ♦

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Neither Carbon Resources nor M.K. Shah Exports has received any responses against their offers

Global fashion

PDS acquires a majority stake in DBS Lifestyle, a mind-to-market design, brands, and sourcing organisation

PDS Limited is a global fashion infrastructure company offering product development, sourcing, manufacturing, and distribution for major brands and retailers worldwide. The company operates a vast global network covering over 50 offices, 22 countries, with over 3,300 associates and 6,500 factory associates worldwide.

As a listed entity on the BSE and NSE, PDS acquired a 51 per cent stake in Delhi-based end-to-end design solutions company, DBS Lifestyle (DBS), which is founded by Divya Suri and Bhawnish Suri. It is a design-led company catering to fashion and home categories. DBS owns over 20,000 original textile designs and patterns and adds nearly 2,500 artworks and samples to its library every month. Their Trend & Design studio plus sourcing business verticals collectively offer end-to-end solutions from design, product development, and manufacturing to warehouse delivery.

In addition, it also creates private brands for leading online and offline retailers, including RIVER – a multi-designer brand for Amazon Fashion. DBS serves over 200 fashion and 150-plus home clients globally along with leading brands, retailers, and key e-commerce players in India. DBS owns the Italian studio Giacomo Barzaghi, one of the oldest and most reputed textile design studios based in Como, Italy – established in 1978. Through this international acquisition, DBS serves its clients in US and Europe directly. This partnership will also springboard DBS's seeded and exciting initiatives on design-led sourcing penetration across categories and launch consumer-facing relevant D2C brands.

Bhawnish Suri, MD of DBS is a Fashion Design graduate from the Parsons School of Design, New York, with 20-plus years of industry experience working with companies like Polo Ralph Lauren and United Retail



This partnership will spur our next phase of growth

BHAWNISH SURI
Founder, DBS

Inc in the United States of America. Divya Suri, JMD has a degree in Fashion Merchandising from the Fashion Institute of Technology, New York. She started her career with Macy's, and later worked with global retailers before joining forces with Bhawnish and starting the company's Textile Studio.

"Divya and I founded DBS with the aim of creating a one-of-a-kind turn-key company offering customised design solutions. In our first phase, we have created a sturdy foundation for DBS, and this partnership will spur our next phase of growth," observes Bhawnish Suri, Founder, DBS.

"We are thrilled to associate with Bhawnish and Divya who bring with them distinct design-led capabilities. While DBS has already carved a niche for itself in both the domestic and international markets, we believe under the aegis of the PDS platform, DBS is poised to catapult into the next league," says Pallak Seth, Vice-Chairman, PDS.

Augmenting capabilities

Sanjay Jain, group CEO at PDS added: "India has been gaining tremendous traction in the global fashion space, both from a supply and demand standpoint. With this transaction, PDS augments its capabilities in India and further builds our design capabilities for servicing global customers. With DBS's experience and insights into evolving fashion trends, our partnership will provide customers with quality products, exceptional design, and great value across fashion and home categories."

This transaction creates a win-win for both organisations. On the one hand, DBS gains the patronage of the PDS platform for furthering its growth aspirations; on the other hand, PDS gains further access to leading retailers and brands enabling it to further penetrate the fashion and home categories in the Indian market.

As part of this transaction, PDS will invest ₹21crore (\$2.6 million) in the new entity Pangram Brands Private Limited. The majority of the proceeds will be used for funding the growth plans of the company and to acquire the existing businesses of DBS which currently has a strong order book and is aspiring to significantly fast-pace its growth. The business of the DBS group will be consolidated under Pangram Brands, which will be renamed DBS Lifestyle (India) Private Limited. Investec India and Maple Capital Advisors acted as financial advisors for PDS and DBS respectively.

Meanwhile, PDS has reported consolidated revenues of ₹8,828 crore in Fiscal 2021-22, an increase of 1.8 times over the last five years. Further, profit after tax has increased at a 5-year CAGR of 50 per cent, with a ROCE of 38 per cent in 2021-22. ♦

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Digital star

INT. is simplifying the digital transformation journey for various businesses while incubating and nurturing entrepreneurs



Rungta: We continue to serve customers as per their needs

The meteoric rise of digital adoption across industries in the post Covid world has indeed made digitalisation the focus for companies of all hues and sizes. Enterprises today want to leverage their best abilities to result in better outcomes using new-age technologies, and reaching out to their audiences.

Rapidly changing times have led to customer-driven decisiveness while the untapped potential that digitalisation and data analytics hold is gradually being realised. To achieve optimum growth that delivers a hyper-personalised experience, companies are rethinking old methods and are willing to experiment to become agile and adaptive.

A full-cycle product engineering company based out of Kolkata and a technology partner to leading brands across four continents, INT. (Indus Net Technologies) is simplifying the digital transformation journeys for businesses through services that span analytics, technology and marketing. With internet-based applications now holding the key, INT.'s growth trajectory has been remarkable.

"We started in East India where

internet penetration was very low, and provided our clients with various solutions beginning with web design and hosting. We continued to tailor products based on client requirements, and at INT we are client-funded, as compared to some of the companies that are funded by private equity players, and so on. We continue to serve customers as per their needs and build the company on top of it. We are the first company in India to introduce reseller hosting, which made us the largest hosting company in eastern India," says Abhishek Rungta, founder and CEO, INT.

Early adopter

Founded in 1997 by Rungta, the award-winning company has, interestingly, evolved from a web hosting company to a full-stack product engineering company over the last 25 years. At 19, Rungta's journey into tech started when he stumbled upon a computer fair in Kolkata and was immediately drawn to the digital world.

After identifying a gap in the digital services provider market in Kolkata, Rungta, at the age of 21, set up INT. A self-taught coder and engineer,

he has lingered around almost every reception sofa in Kolkata and knocked on doors of businesses to sell his services and products. Within just six months, INT. was able to dominate with 75 per cent of market share. The company has now grown into a team of over 900 agile solutions experts and now plans to hire 2,500 employees in the next 3 years as part of its global expansion plan.

The company uses a unique organisational structure which has its basis in functional roles rather than emphasising hierarchies, making it extremely popular among the young generation. It currently has a presence in India, the UK, the US, Singapore, Brazil, UAE, Saudi Arabia, and Canada. Working at the confluence of technology, analytics, and marketing, Indus Net Technologies caters to multiple enterprise clients, fast-growing product companies, and digital agencies operating in the domain of banking, insurance, fintech, health, professional services, and others in India and across Europe and the Americas.

The product engineering company is primarily engaged in providing a range of software solutions which includes analytics, block chain, cloud infra management, cloud migration, process outsourcing, web development, mobile development, digital marketing, dedicated hiring, and creative services. INT. helps companies navigate every aspect of the digital landscape, identify growth opportunities, tap into its competitive advantages, and define engaging experiences for its customers.

Standing by the philosophy of 'Now and Forever', INT. is now disrupting static business models to build value-creating growth for its customers. One of the reasons for INT.'s consistent success is that it has always been vigilant, evolved, and adaptive to technological shifts in the digital solutions world.

A techie-turned entrepreneur in his teens, INT. founder Rungta says: "At INT. we have always embraced the challenge of exploring newer territories. With this approach, we aid our clients' journeys from complexity to clarity while helping them innovate, create, launch, engineer,

and re-engineer digital products and solutions. Digital transformation in the BFSI sector has been in vogue in recent years, bolstering INT.'s growth in the past two years. The digital future belongs to companies that aim to be analytics-driven, have a digital-first approach and are willing to be adaptive."

Over the years, INT. has won numerous laurels, being recognised at the Deloitte Technology Fast 500 and Deloitte Technology Fast 50 multiple times, along with a 'Great Place to Work' recognition. The company has already worked with a number of global clients since the inception of its analytics division and has garnered praise for its smart and innovative solutions. Its clientele includes Ageas, SBI General, ICICI Bank, IndusInd Bank, Bandhan Bank, Barclays, Bank of America, Lloyd Bank, Equitas Small Finance Bank, MasterCard, Tesco, World Bank and many more in BFSI, and Cipla, Sun Pharma, Dr. Reddy's, Alkem, and others in pharma and healthcare.

INT.'s ingrained culture of grass-roots innovation and its tradition of going far beyond expectations aided in developing a remarkable credit scoring model for loan borrowers, the customer segmentation and propensity model, for a West African company, Paelyt. For Remitrix, an Israel-based insurance solvency, and Risk Assessment Company, INT. led numerous projects that helped the company maximise growth and understand customers better. INT. delves deeper into its clients' digital needs using its core experience in analytics solutions. These solutions are largely AI-driven while in the insurance, banking, pharma, healthcare, and retail

domains, INT. uses machine learning and deep learning models for predictive analytics.

Ageas Insurance, an internationally renowned insurance group with a history of more than 190 years, joined hands with INT. to provide a 360-degree digital transformation of its internal operational platform and enable superior broker and customer experience with direct, broker and partner channels. For Cipla, the third-largest pharma company in India, INT. developed a cutting-edge app provid-

**At INT. we are also
incubating new businesses
to bring entrepreneurial
talent and create new
ventures**

ing real-time scientific information about drugs and medicines to the doctor community.

The India-based Axis Bank had approached INT. to provide it with a secured mobile app that gives the financial institution a competitive edge over its competitors. A UI and UX equipped fintech for money transfer, savings, and investment products. INT. created an app which has supported Axis Bank in providing the best corporate banking solutions to its audience. It has ensured a secured and authenticated environment for mobile transactions. INT. has been around for over two decades and it has grown

over the period, due to the constant adoption of the ever-changing mind-scape and landscape of technology and work practices.

In the next five years, INT. is looking forward to a 3x growth, filing an IPO, and getting listed on the stock exchange. More importantly, INT. wants to focus on touching the lives of 1 billion people through its work. It also plans to expand its solutions outreach in DLT and blockchain in the coming future. The company is focusing on predictive analytics, which uses data mining, modelling, and machine learning to determine the probability of future outcomes.

Along with that, INT. plans to add well-known brands and organisations as clients, to do capability acquisitions in analytics, cloud support, and cyber security in the years to come. It has already embraced the new normal of remote working or working from home for its employees, with no mandatory plan to return to the office.

Venture studio

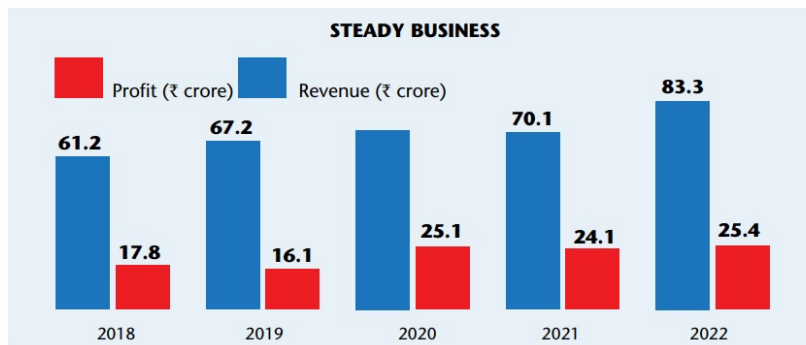
INT. has also been incubating and helping small entrepreneurs to build and scale up their venture capitalist with the aim to create a business which is non-linear. The firm has been using its entrepreneurial model to invest in two interesting concepts. INT. has been turning these two companies from small and negligible revenues to a revenue of ₹8 crore for a product company, while the second business has achieved ₹15 crore.

"At INT. we are also incubating new businesses to bring entrepreneurial talent and create new ventures. We also hold a decent stake in this new incubation model, and our two investments have met with a good degree of success. Our logic is not to create a linear business, but a non-linear business and create a more exponential growth business in the future. The bigger innovation is the venture studio business, and building new businesses."

Lastly, for INT. a high growth trajectory seems to be just the beginning. With tech services and digital transformation providing steady growth, INT.'s venture studio arm is all set to provide booster growth. ♦

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New player

Hero MotoCorp is the latest to join the EV space



From bicycles to motorcycles to scooters, Hero has come a long way. The leader in two-wheeler manufacturing in India is now setting its eyes on electrical vehicles (EVs) for the next generation. With the introduction of its maiden product, Vida, an electric scooter loaded with tech features, Hero MotoCorp plans to play an important role in the EV segment.

"The launch of Vida V1, powered by Hero, heralds a new chapter in sustainable mobility. The Vida V1 will play a crucial role by reducing tailpipe emissions, promoting eco-friendly behaviour and leading to a conscious shift in overall consumption patterns. We must redesign the entire value system and ecosystem of a product and service to have meaningful results for the future of our planet. We have taken the responsibility of contributing towards building a sustainable future so that the generations that come after us inherit a better planet than the one that we live in. With our tagline 'Make Way', Vida V1 is paving the path to a greener and cleaner planet," said Dr Pawan Munjal, Chairman and CEO, Hero MotoCorp.

The EV was designed and developed at Hero's state-of-the-art R&D hubs, the Centre of Innovation and Technology (CIT) in Jaipur and the Hero Tech

Centre (TCG), Munich, Germany. Vida is manufactured at the company's plant at Chittoor, Andhra Pradesh. The two variants – Vida V1 Plus and V1 Pro – are priced at ₹1,45,00 and ₹1,59,000 respectively. Customers can book the scooter with a down payment ₹2,499 and deliveries will commence in December this year. In the first phase, the products will be available for customers in Delhi, Bengaluru and Jaipur. The two-wheeler maker plans to take Vida to other cities across India in a phased manner. Vida V1 Pro offers a top speed of 80kph with a range of 165km, while V1 Plus has a top speed of 80kph speed and a 143km range. Hero MotoCorp is also installing Pods which will be placed in vantage spots across its dealerships in various cities.

Setting India on the move

"Vida is not just a product, but a promise from the Hero Group. At present, we are not going for higher volumes. As and when the demand picks up, we will ramp up our production. Customers can visit our Experience Centres where we showcase our products. We are big in the motorcycles segment in India, but a late entrant in the scooters segment. This is an opportunity

for us in the EV scooter space. We plan to export to Latin America, Asia and Europe," explains Munjal. "Way back in the year 1956, my father pedalled the first ever Hero bicycle around the yard and he was so excited and rode the cycle all the way home to share his joy with all of us and the rest is history. He set India on the move," recalls Munjal.

"We need to make healthier choices. As a leader in the two-wheeler segment, we need to think about what we can do and how we can do it differently. Our vision is to democratise mobility," said Swadesh Srivastava, Head of Business Unit, Emerging Mobility, Hero MotoCorp.

The charging of EVs is a major concern in India. The Vida offers a comprehensive charging package for hassle-free charging at home, on the road and at work. It will come with a removable battery and can be integrated at home to enable safe and convenient charging up to 11kW.

Hero MotoCorp aims to build one of the best charging networks in the two-wheeler segment with fast chargers. The batteries have gone through many industry-first test protocols for reliability and safety. It comes with a standard five-year warranty for 50,000km. The batteries are covered by a warranty valid for three years or up to 30,000 km. Vida has also gone through a number of vigorous tests to make it suitable for all types of Indian road conditions.

To encourage customers to go for green vehicles, Hero MotoCorp offers an attractive interest rate of 2 per cent less than the prevailing market rates. Another feature introduced by the company is that it will buy back the scooter at 70 per cent of purchase value between the 16th and 18th months of vehicle ownership. Another first-of-its-kind initiative in this category.

A recent report by BNP Paribas on EVs trend says two-wheeler customers are ready for EV adoption. They need access to a variety of reliable and affordable models and the shift to e-two wheelers is irreversible. A withdrawal of incentives could delay but not reverse this shift.

Munjal: Vida is not just a product, but a promise from the Hero Group

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New gameplan

Nissan India has lined up three global products for the Indian market



Srivastava and Torres: stepping into the next phase of Nissan's journey in India

In 2010, the Japanese carmaker Nissan set up shop in Chennai with its alliance partner, Renault. Nissan India produced a large number of products over the years for domestic and global markets. One of the leading exporters from India, Nissan's products in the domestic market met with little success. In December 2020, at the time of the pandemic, Nissan took a risk and launched its compact SUV, the Magnite and the gamble paid off. The SUV was well accepted by customers in India and went on to record big sales numbers. It also won many awards for its features.

To take the success story of the Magnite forward and enhance its brand image in India, Nissan India is working on a number of marketing initiatives both in terms of brand building and to introduce new products for the Indian market to boost its market share. A pioneer in SUVs worldwide, the company recently showcased three products that are popular in global markets. These products are heading to India soon – the Qashqai has sold 5.5 million units since 2007 in more than 40 countries, the X-Trail has clocked 7 million units since 2001 and the third model, the Jukes, has sold 1 million units.

Nissan has begun



testing its SUV line-up in India for the future. The X-Trail will hit the Indian market shortly and the company is studying the feasibility of the other two models. Focusing specifically on their adaptability to Indian roads and differing terrains, the tests will assess each vehicle's ability to meet customer needs. Starting this month, the vehicles are being put through their paces by Nissan's top engineers on the roads that surround the company's manufacturing plant in Chennai. With the demand picking up for sport utility vehicles (SUVs) in India, this is a significant opportunity for the company.

"The Indian market has boundless potential, and it is critical that we introduce the best vehicle line-up to align with what modern Indian consumers want and need. Following the success of the Nissan Magnite in India, we plan to strengthen our focus and leverage our expertise on high-quality SUVs that have become synonymous with our reputation. We look forward to strengthening Nissan's presence in India and delivering further innovation and excitement for our Indian customers," said Frank Torres, President,

Nissan India.

"After the launch of the Nissan Magnite in December 2020, it has truly disrupted the compact SUV segment. The product is made in India for Indian and global markets. Engineered in Japan, the Magnite has been exported to many countries from India. One million exports and Magnite is the millionth car," said Rakesh Srivastava, MD, Nissan Motor India. "We are now stepping into the next phase of our journey in India. Our focus from here will be sustainable growth, offering customers greater value. Globally and in India, we are witnessing that SUVs are preferred choice of customers. SUVs continue to outpace every other segment. Our vision for the Indian markets will truly reflect our customers' requirements," added Srivastava.

Another milestone

Nissan Motor India has achieved the key milestone of exporting one million Nissan vehicles. Nissan has exported vehicles to 108 countries from its Renault-Nissan Automotive India plant in Chennai since exports commenced in September 2010. Exports are a strong pillar of Nissan India's business strategy. The Nissan Magnite is a major contributor to this achievement, with strong demand from customers



both in domestic and international markets. In recent years, the company has shifted its primary export market from Europe to Middle Eastern countries such as Saudi Arabia, the UAE, Oman, Qatar, Bahrain, and Kuwait. In spite of the many challenges due to Covid, semi-conductor shortages and supply chain issues, Nissan India registered a strong revival and 100 per cent growth in the financial year 2021-2022.

To further boost the brand image, Nissan India announced its association with the International Cricket Council (ICC) for the seventh successive year, as the official sponsor of the ICC Men's T20 World Cup 2022 with the Nissan Magnite as the official car of the event. With the success of the Magnite and the announcement of new products, Nissan India firmly believes that it is here to play long innings.

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Digital disruption



PHOTOS: SANJAY BORADE

Deora: bringing a digital transformation to the real estate sector

Aurum creates a proptech ecosystem through acquisitions

Proptech is to real estate what fintech is to financial services and it is redefining the real estate space globally as also in India. While there are several start-ups and unicorns emerging in this space, Aurum PropTech Ltd (APL), promoted by Ashish Deora, 47, is focussing on hand-holding them beyond their funding requirements.

Since it acquired Majesco and listed itself on the bourses, Aurum PropTech has been on an inorganic drive for over the past one year and has made six acquisitions with varied controlling stakes, at a cumulative consideration of ₹233 crore. "These acquisitions have helped us accelerate our quest to build a complete integrated proptech ecosystem in a short time," informs Deora, 47, CEO & founder, Aurum PropTech. Along with the acquisitions of tech-based products of these entities, it has also given us good operating and functional teams, propelling the count of our team members to more than 500 in

just the first year of operations". Meanwhile, Deora has acquired a CRM and a broker aggregation platform, a realty asset management company, a SaaS platform for rental management, two co-living companies and one data analytics firm, which is focussed on the real estate sector. Deora, who hails from Kolkata, believes that PropTech is on its way to nurture multiple home-grown unicorns in the next few years.

"We believe that Aurum will continue to play an active role in this sectoral journey, from seeding companies to scaling them, as it is best positioned to bring digital transformation to the real estate sector," explains Deora. Despite his appetite for risks, he remains focussed on revenue and profitability. The company has a war chest of funds raised through its recent right issue, which was also been used as a tool by the promoter to raise stakes before opting for the open offer route. In June 2021, the promoter's stake in the listed

entity of Majesco was 14.78 per cent and, through a rights open offer at ₹80 at 1:1 ratio, it went up to 35.04 per cent in July 2021 and, subsequently, to 50.34 per cent in May 2022 post-rights issue. Currently, the share trades at ₹128.

From raising ₹344 crore via rights issue and potential monetisation of its existing real estate assets, Aurum claims that it has the financial flexibility of about ₹500 crore to drive organic and inorganic growth. "As a part of the inorganic growth strategy, we aim to partner with start-ups or companies that already have a presence in the PropTech value chain, not only through funding them, but also hand-holding them with our domain expertise. We will support them with compliance related issues too," says Shrirang Athalye, 57, board member, Aurum, with whom Deora started his journey in Mumbai.

Entrepreneurial bug

Ranging from mining to telecom, Deora has an innovative and

disruptive mindset, which made him, an alumnus of Harvard Business school, start an optic fibre business in 1999, invest in aviation (SpiceJet) in 2006, and experiment with real estate, renewable energy and mining in subsequent years, before settling down to PropTech, which he considers the key to transform the real estate space.

'No dream is too big, no detail is too small' reads a message on the wall of the sprawling office of Aurum PropTech in Navi Mumbai, signifying the thought process of its promoter Deora. He is a first generation serial entrepreneur and had founded the Aurum Ventures at the age of 21 in 1996. "From being the first company to create optic fiber network in Mumbai in 1999, Aurum Ventures has come a long way to acquire Majesco, an insurance technology company, in 2021 and renaming it as Aurum PropTech. Majesco had exited its India business and, hence, the renaming was more akin to a reverse merger," says Athalye.

In 2009, Deora started the real estate journey by developing a 20-story marvel, studded with numerous luxury amenities and a unique glass façade for the uninterrupted view of the sea around the Queen's necklace in South Mumbai called 7 Marine Drive, which had seven lavish duplexes for seven families. Later, in 2014, Aurum acquired seven million sq ft of a mixed-use project in Navi Mumbai from CaptiaLand and delivered the first pre-certified LEED platinum office buildings in Navi Mumbai in which the Singapore-based Ascendas Singbridge, a sovereign wealth fund, owns 1.4 million sq ft of commercial space, bought for ₹930 crore. Talking passionately about India's real estate sector, Deora estimates it to reach \$1 trillion in market size by 2030 – up from \$200 billion in 2021. "It is expected to contribute about 10 per cent to the country's GDP in 2030," affirms Deora, who has focussed on investing his own money in projects, rather than borrowings without the land-bank strategy that has been witnessed in the sector. Associated with marquee capital allocators and sovereign funds, Aurum (means gold in Latin), has not only completed its real estate projects on schedule, but also delivered them at an average of 370



Athalye: hand-holding companies

days before RERA target days.

Globally, the PropTech market is estimated at \$18 billion and is predicted to grow to \$86 billion by 2032, advancing at a CAGR of 16.8 per cent during the same period. Last year, India got its first PropTech unicorn in the form of Nobroker.com after it received \$210 million in series E funding, taking its total funding to \$361 million and its valuation to \$1 billion. Asia's third largest economy also ranks third globally in its start-up ecosystem with over 60,000 start-ups of which 105 unicorns command a valuation of \$ 338.5 billion.

Drawing a parallel with the disruption in fintech, Deora argues that PropTech will bring in a transformational change in real estate digitally across the entire value chain and Aurum is well-positioned to unlock value, with its mix of inorganic, organic and data strategies. Artificial Intelligence, Internet of Things, big data, drones, virtual reality, augmented reality and data analytics will bring in the transparency in owning and experiencing real estate. He feels that the PropTech segment will have a 10 per cent market share of the real estate industry, making it to be a \$ 100 billion segment.

Aurum PropTech, the first mover in the sector, which reported a 66 per cent growth in its consolidated revenue of ₹15.79 crore in the recently concluded financial year over the previous one, is all set to address the compelling

need of the investors and consumers through Real Estate as a Service (RaaS) and Software as a Service (SaaS).

Towards sustainability

While redefining and disruptions remains the core for Deora and Aurum, it has not ignored the responsibility of a corporate citizen in terms of sustainability and philanthropy. The company has undertaken several initiatives towards having certified LEED platinum buildings by innovating and upgrading designs towards sustainability. At its Aurum Campus in Navi Mumbai, with zero liquid discharge -- entailing rainwater harvesting, water conservation, LED lighting and energy-saving facades – remains the focus of his team towards a sustainable future. More importantly, construction sites are known for fatal accidents. But, Aurum has had 3,397,988 safe man hours in 2021-22, taking the total cumulative safe man hours to 13,861,089. As part of its CSR initiative, Aurum has served over 100,000 nutritious meals through its *roti* bank, as also planted over 11,000 trees as part of its afforestation drive.

The conservative yet bottom-line-focussed Harvard-educated value-hungry predator has moved away from laying optic fibres to PropTech. The way forward for him is still guided by cautious optimism. ♦

LANCELOT JOSEPH

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Antibacterial solutions

Proteon Pharmaceuticals is scaling up its operations in South-East Asia, with a focus on India

The World Bank emphasises on funding of antimicrobial resistance (AMR) initiatives as an important economic and health investment for countries, and India has already launched a National Action Plan that identifies the need for greater investments for AMR activities and to continue research and innovations in this space.

With this as a backdrop, Proteon Pharmaceutical India, a subsidiary of Proteon Pharmaceuticals SA Poland, is expanding its wings in the Indian sub-continent region to produce antibacterial solutions for livestock by 2024. A global leader in bacteriophage technology, Proteon Pharmaceuticals is looking to scale up its operations in South-East Asia, focusing on India, Bangladesh, Nepal, Sri Lanka, Thailand, Vietnam and neighbouring countries.

"We are looking at setting up proper channel partners and an expansion of sales teams in the region by infusing techno-commercial members in the team in the Indian subcontinent and Southeast Asian markets," says Nipun Gupta, CCO, Proteon Pharmaceuticals. The company is currently in talks to commence distribution in Nepal and Sri Lanka. "We will be reaching out to other neighbouring countries such as Thailand, Vietnam, Myanmar, and the Philippines, subject to collaboration with channel partners and product registration," he says.

One of the fastest-growing markets in the agriculture sector, India is the third-largest egg producer and the fourth-largest chicken producer in the world, as per the Agricultural and Processed Food Products Export Development Authority (APEDA).

However, the growth has brought with it a persistent public and environmental health challenge, requiring a multisectoral approach to address it. The overconsumption of antibiotics in livestock is leading to increased AMR, not only in animals but also in humans and the environment, making it a multifaceted global challenge, demanding



an effective antibiotic alternative to control disease outbreaks.

Developing alternative

Bacteriophage is an alternative to antibiotics to control the pathogenic bacteria prevalent in the animal health industry without having a negative impact on the health of animals, birds and the environment for sustainable production. JS Uppal, Regional Business Director, Proteon Pharmaceuticals, adds: "Phage therapy mainly utilises lytic phages to kill their respective bacterial hosts and can be an attractive solution to combating the emergence of AMR in livestock. With an aim to provide an innovative antibacterial solution to the animal health industry, Proteon's mission is to eliminate unnecessary antibiotic usage, reduce the risk of AMR and at the same time, increase the sustainability of protein production through reduction of waste and improvement of on-farm efficiency."

Proteon's products function by modulating the microbiome, enabling prophylactic health. The company owns a patented precision phage product development platform using genomics technologies, molecular biology,

bioinformatics and artificial intelligence (AI) to create effective, reliable and safe antibacterial solutions for animal and human health. To fast-track the process, Proteon is working towards creating awareness among livestock producers, veterinarians, key opinion leaders and other stakeholders around its products.

"Switching over from a traditional medication method to a relatively new concept requires a change in mindset. This is the only challenge we see. We understand this and that's why have been focusing on creating awareness about the product first, demonstrating the advantages and the ROI of using bacteriophages over the traditional existing medications," says Gupta.

Diseases caused by Salmonella and E coli are the major challenges faced by poultry producers. The infections caused by these bacteria not only impact poultry's health but also the profitability of the producer and the human health.

"We have launched BAFASAL+G and BAFACOL for poultry to control Salmonella and E coli respectively. We have also introduced BAFADOR for Aqua to control Pseudomonas and Aeromonas,

and very soon will be launching BAFACAM for dairy to control mastitis. There are also many other products in the pipeline to target the pathogenic bacteria prevalent in the poultry, dairy and aqua industry to enhance the profitability of the farm owners," adds Gupta.

Proteon uses advanced technology for the identification and selection of bacteriophages.

"Our products are not country-specific, but pathogenic-specific as well. We have explored the challenges in the poultry, dairy and aqua industry and after an in-depth survey, have understood the challenges faced by the producers. To meet the need of the industry, we are working on different projects of bacteriophages for control of pathogens like clostridium, campylobacter for poultry, antimastitis product for dairy, anti-vibrio product for shrimps," adds Gupta. ♦



Gupta: our products are pathogenic-specific

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NEW ISSUES

Strong defence

DCX IPO provides an opportunity for investors to invest in the defence sector

With all eyes on the defence sector, one company that has been building a steady capacity and growth in defence component manufacturing is DCX Systems. The company makes electronic sub-systems and cable harnesses that are used in the defence and aerospace sectors.

DCX is a preferred Indian off-set partner (IOP) for foreign original equipment manufacturers to execute defence manufacturing projects in India. The company is also engaged in system integration, particularly in vital areas, such as radar systems, sensors, electronic warfare, missiles and communication systems. DCX provides product assembly and integration to customer requirements.

Over the years, the company has been steadily building a robust business model that is not only asset-light but also focusses on advanced system integration. DCX is one of the largest IOPs for ELTA Systems and Israel Aerospace Industries, as also System Missiles & Space Division, which is the IAI group, Israel.

DCX is best placed to benefit from the growing business opportunities in the defence space in India and the global markets, because the defence space is expected to see increased spend by various countries in the coming years. Under H.S. Raghavendra Rao, CMD, DCX, the company has achieved exemplary growth and demonstrated highest levels of corporate governance. "There is a huge opportunity here," says Rao. "Many things are happening due to the 'Make in India' drive in various sectors, including railways, semi-conductors and defence. There is a lot of opportunities in contract



Rao: huge opportunity

manufacturing, especially electronics, which is huge."

Over the years, the firm has expanded its manufacturing facilities and grown its order book, which has increased from ₹1,941.31 crore as on March 2020 to ₹2,369 crore as on March 2022. As of June 2022, the order book has further improved to ₹2,563 crore, to be executed over 2023-25. The firm has amply demonstrated its ability to scale delivering consistent financial performance, despite the impact

of the Covid-19 pandemic. Revenue from operations increased to ₹1,102.27 crore during 2020-22 at a CAGR of 56.64 per cent. For 2021-22, DCX clocked a net profit of ₹65.61 crore, which translates into an EPS of ₹9.19. The firm's RoE stands at 55.8 per cent for 2021-22.

DCX's capital expenditures are low, as the company's customers reimburse DCX for costs incurred to maintain all buyer furnished equipment to be used in manufacturing, which makes the manufacturing

process asset-light. DCX's customers also provide technical training to employees to ensure efficient project execution.

Competitive advantages

The company has several competitive advantages, such as efficiency in operations resulting in timely delivery to customers, maintaining quality control and product security. The firm has built long-term relationships with OEM customers, resulting in growth in operations over a period of time. There has been an increase in mix of domestic and international customers, which are from countries like Israel, the US, Korea and India. As of June 2022, the firm had 26 customers, including several Fortune 500 companies, multinational companies and start-ups, as also units in aerospace, space ventures, railways and defence.

DCX is expanding its built-to-print model, too. "We are putting up our only subsidiary and going into a full-fledged electronic manufacturing services facility," points out Rao. "We can cater to not only defence but also other sectors. Our strategy is to work with technology transfer and do EMS, which is our focus area".

As a company given the business visibility and the risk mitigation that has evolved in the business model, the firm is well-positioned to protect margins and grow it. As a defence industrial licence holder for microwave modules for radar and electronic warfare sub-systems, micro-wave modules for command and guidance units for missile sub-systems, DCX is also well-positioned to take advantage of various initiatives of the government.

DCX Systems is tapping the markets with an initial public offer amounting to ₹500 crore, part of which will be used to repay debt, fund working capital and invest in its subsidiary Raneal Advanced Systems' capital expenditure.

With the growth that the company has demonstrated in the past and the visibility of its rising order book, the company is well on the route to surpassing greater milestones. For investors, the IPO provides a unique opportunity to participate in the growth story of DCX Systems.

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DCX	
ISSUE OPENS ON	31 October 2022
ISSUE SIZE	₹500 crore
FACE VALUE	₹2
PRICE-BAND	₹197-207 per share
POST-ISSUE MARKET CAP	₹1,925-2,002 crore
BRLMS	Edelweiss Financial, Axis Capital and Saffron Capital
LISTING	BSE and NSE

Sustainable solutions

India will soon have first of its kind 'Centre of Excellence & Innovation' (CoEI) for bio-polymers. An MoU was signed between **Pramod Chaudhari**, founder chairman, **Praj Industries** and **Aniruddha Pandit**, vice-chancellor, **ICT**, recently in Mumbai. 'Parimal & Pramod Chaudhari Centre of Excellence & Innovation for bio-polymers' will undertake research, promote academic pursuit and explore newer applications. Biopolymer, an important element in renewable chemicals and materials (RCM), is produced from agricultural resources and can be used as sustainable alternative to plastic. CoEI will take up application development of bio plastics, such as PHA and PLA, as its

first collaborative project. "We are delighted to further reinforce our ongoing relationship with ICT through this MoU," acknowledged Chaudhari, speaking on the occasion. "World is grappling with climate crisis and we need innovative technology solutions to ensure sustainable development. Together with ICT, we intend to accelerate transition to carbohydrate-based economy by unleashing huge application potential of biopolymers. I am certain that CoEI will pave way for greater usage of environment friendly materials in industry as well as society." Globally renowned scientist and Padma Vibhushan awardee M.M. Sharma, who was present on the occasion said, "I compliment Dr Chaudhari, Praj and ICT for



this collaboration that can make huge impact in bio-polymer space that holds high growth potential". Raghunath Mashelkar, chancellor, ICT, and among India's most eminent scientists, who joined this event online said, "I am certain that this partnership will accelerate the bio-polymer development to make them affordable, scalable and sustainable." Expressing the views on this

constructive alliance, Prof Pandit said, "This is the future of renewable polymers, both of biological origin and biodegradable. The joining of forces by ICT and Praj is complementary and is a great multiplier. The expertise from fermentation to polymer processing of this combined team is expected to come out with sustainable solutions in this field of renewable polymers". ♦

Scaling new heights



"The trailer of the movie co-produced by my daughter-in-law **Natasha Malpani Oswal** under the Rajshri banner looks amazing," tweeted Motilal Oswal, founder, chairman & managing director, Motilal Oswal Financial Services, recently. "With the best of stars, it's going to be a super hit. Releasing in 11 November 22." Natasha, a former investor with three degrees from prestigious Oxford, Cambridge and Stanford, is married to Motilal Oswal's younger son, Pratik. Natasha is the founder of Boundless Media, a new-age creative house. Prior to this, she ran Dice Media, and was an investment director at a \$1 billion fund in London. She is also a published poet and podcast host. Passionate about telling stories for a new India, Natasha also supports creative

talent. "Launching the trailer for *Uunchai* was such an emotional experience today. It's a privilege to be able to work with these industry veterans, who are so hungry to reinvent themselves, and also constantly scale new heights," says Natasha's social media post. *Uunchai* is an upcoming Hindi drama movie, produced by Sooraj Barjatya, Mahaveer Jain and Natasha Malpani Oswal and directed by Sooraj Barjatya. It is produced under the banner of Rajshri Productions, Mahaveer Jain Films and Boundless Media. The movie stars Amitabh Bachchan, Parineeti Chopra, Anupam Kher, Boman Irani, Danny Denzongpa, Neena Gupta and Sarika in the lead roles, with Nafisa Ali, Sheen Dass and Abhishek Singh Pathania also being part of the cast. ♦

In the power list



Manish Kharbanda, advisor for Jindal Steel and Power (Legal), has been honoured by Union Minister of Law & Justice **Kiren Rijju** in the Grand Finale of Forbes India Legal Powerlist 2021, organised by Forbes India, held recently in New Delhi. Kharbanda was named one of the Top 50 General Counsels in India in the Forbes Legal Powerlist 2021, in appreciation of his accomplishments and leadership in the field of legal advisory services. "Thanks to JSPL for giving me the opportunity, grateful to God for showing me the way to success and the exemplary work done by my team," said Kharbanda, after receiving the honour. He has a Bachelor of Law degree from the University of Lucknow and an MBA with a specialisation in Finance and Human Resources from ICAI. He also holds a degree in Advanced Management from Harvard Business School. ♦

Honouring brave hearts



It was to recognise the invaluable and inspiring work of the Life Savers across India that **Sitaram Jaipuria Foundation** organised the Medical and Healthcare Excellence Awards 2022. The event was organised in New Delhi to present the first-of-its-kind healthcare awards in India. Cancer survivor Sonali Bendre, along with **Ashok Jaipuria**, chairman, SJF & chairman & MD, Cosmo First Ltd, felicitated the healthcare experts, who

made a seminal contribution to improve healthcare practices, foster innovation, and played an exemplary role beyond the call of duty. As a token of recognition, monetary awards worth ₹1.20 crore were presented amongst the winners. Winners of the Medical & Healthcare Excellence Awards 2022 are: Raman Krishna Kumar, for Excellence in Medicine and Healthcare Award; Randeep Guleria, for Outstanding Contribution to Covid Care Award; Ashish Satav, for Exemplary Leadership in Rural Healthcare Award; Bhavuk Garg, for Emerging Young Leader in Medicine Award; Inderpaul Singh Sehgal, for Emerging Young Leader in Medicine Award; and Prakash Narain Tandon, for Chairman's Special Award. "Sitaram Jaipuria was an outstanding humanitarian, who led an exemplary and inspirational life, and so are our doctors, who are on a continuous endeavour to safeguard the people of the nation," stated Ashok Jaipuria, speaking on the occasion. "However, exemplary work of majority of these brave hearts goes unsung. Their contribution cannot be thanked enough but to recognise their talent and bring them the deserved esteem is what we can do at our best. Through Medical & Healthcare Excellence Awards, we honour their presence in our lives and this will be our continuous effort to spotlight medical talents." ♦

Health is wealth

Happiest Minds Technologies Limited, a 'Born Digital. Born Agile', Mindful IT company, has announced the inauguration of the molecular testing laboratory established at **Sri Jayadeva Institute of Cardiovascular Sciences and Research** in Bengaluru. The laboratory with its state-of-the-art research facilities and infrastructure was unveiled by **Ravi V**, senior professor & HoD, department of neurovirology, NIMHANS, in the presence of **C.N. Manjunath**, senior cardiologist & director, Sri Jayadeva Institute and **Venkatraman Narayanan**,

MD & CFO, Happiest Minds, which has contributed ₹1 crore to the institute for establishing the testing lab and three ICU ventilator beds. "Social Responsibility is a core value of Happiest Minds," informed Narayanan. "In line with our five-year vision of being a responsible corporate citizen and a leader in social responsibility initiatives, this facility further adds to our ongoing efforts to expand medical facilities for the public and undertake innovative R&D and collaboration for understanding human health and disease". Aligned with the company's CSR objectives for



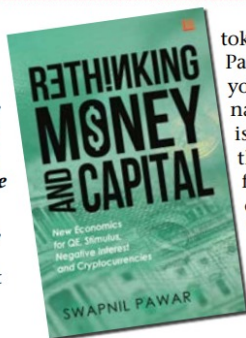
community engagement and contribution of resources for social and environmental causes, the company has associated with

several other partners like the Akshaya Patra Foundation, Bangalore West Lions Super Specialty Eye Hospital, among others. ♦

A to Z of economics

In a world where most economic debates rely on distorted and inaccurate conclusions from mainstream economics, macro economics and global financial ideologies often get reconsidered. Mumbai-based fintech entrepreneur and thought leader, **Swapnil Pawar** has closely studied monetary macro economics since 2011 and has launched his third book for serious players to rethink mainstream

economics. Titled **Rethinking Money and Capital: New Economics for QE, Stimulus, Negative Interest and Crypto-currencies**, the book dissects economic ideas right at their roots and provides solutions for the present times. "Money and capital are an essential part of our lives. But they are just bidding



tokens," reveals Pawar. "When you rethink their nature, humanity is free from the shackles of fake economic constraints. When the reader analyses my book, he starts rethinking

and discovers alternate endings. Rethinking Money and Capital gets many such deductions for a broader



picture that will change the economic policies for the better." ♦

'Investor summit will create 1 million jobs'

The Karnataka government expects over ₹5- lakh crore investment during the upcoming Global Investors Summit 2022 to be held in Bengaluru after a hiatus of six years. The state's large and medium industries minister, **Murugesh R. Nirani**, a former businessman, who had set up the Nirani group, is in the thick of action. He has been holding roadshows to generate interest in the summit and meetings with representatives of top companies looking for collaboration opportunities



How is the investment climate in your state?

Karnataka has emerged as a top investment destination in the country for the last two years in a row, as the state offers an excellent industrial ecosystem, world-class infrastructure, and industry-friendly policies. We are committed to improve the ease of doing business and providing the best infrastructure to investors. The state attracted ₹62,085 crore investments during the last fiscal and became recipient of 38 per cent of the country's total FDIs (foreign direct investments).

What about the industrial climate?

Bengaluru has already witnessed big industrial growth and the state government is now focussing on Tiers II and III cities for setting up more industries.

Mysuru is also one of the priority places, which is making significant progress in the fields of education and industries. The nation's first semiconductor industry will soon come up in Mysuru at a cost of ₹22,500 crore. ISMC, a multinational corporation, is investing in this project. It provides direct employment to 6,000 people and indirect employment to 15,000 people. This industry will become functional in three years.

What targets have you set for the Global Investors' Summit?

We are now organising the Global Investors' Summit after a gap of five years and are expecting over ₹5 lakh crore in investments. This investment will create 1 million jobs. Prime Minister Narendra Modi will address

the event virtually. Union ministers Nirmala Sitharaman, Piyush Goyal, Smriti Irani, Pralhad Joshi and others will also participate in the event. Since Bengaluru is the IT hub of the country, there is huge potential for the aerospace and semiconductor industries in the state. We are hoping to get such industries to set up their bases in Karnataka. The state already earmarked a total of 50,000 acres of land for investors keen to invest in the state, of which, 20,000 acres are in Bengaluru and 30,000 acres in other parts of Karnataka.

The state attracted ₹62,085 crore investments during the last fiscal and became recipient of 38 per cent of the country's total FDIs

There are reports that Bharat Biotech, the multinational vaccine maker headquartered in Genome Valley, Hyderabad, has evinced interest to set up a plant in Karnataka during your recent road show there...

Yes, Krishna M. Ella, chairman & MD, Bharat Biotech, had met me. And I had apprised him about the potential and advantages of investing in Karnataka. I also invited him to the investors' meet. Later he had spoken of his intention to invest in Karnataka.

What about your global road shows? Has there been any interest abroad?

The Karnataka delegation has met a host of potential investors in the UK,

France and Germany, to invite them to the meet. During our week-long road show, we had interactions with the representatives of UKIBC, Field International, Rolls Royce, Incora, Eaton, Hinduja, Schneider Electric, Dassault Systems, Saint Gobain, Infra Week India, Thales, Thyssenkrupp, Henkel, Bayer and Mittlestand, among others.

Employment is a big issue in Karnataka, as it is in the rest of the country...

We are exhorting the youth to focus on self-employment. Almost 50 per cent subsidy is being given to the self-employed people. For those who want to make Ethanol from Sugarcane, it has been decided to give loan up to 95 per cent. There will also be a subsidy of 6 per cent for five years. Ethanol can be manufactured with zero investment.

The Supreme Court has given a green signal to export iron ore. Has that helped?

With the easing of restrictions on the sale of iron ore, Karnataka is witnessing new iron and steel establishments, additional production and expansion units. Iron ore production in Bellary, Chitradurga and Tumkur districts has increased. Nine steel units have been approved in the last one year. These nine companies have a total investment of ₹17,291.42 crore, providing employment to 5,811 people. Also, many steel producers have discussed investment opportunities in the state, as steel producers are getting more incentives under the new industrial policy.

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